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MAY 7, 1930

THE BUSINESS WEEK

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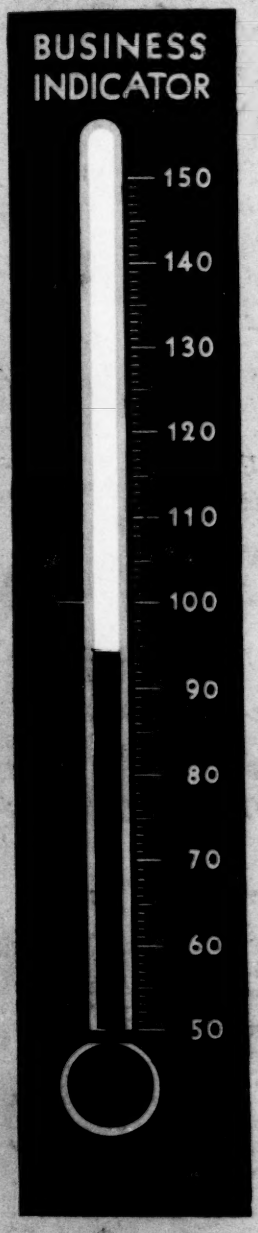

EVEN under belated spring sunshine the business thermometer lags along more than 5% below normal for the season and the year, without definite change for the better. Last year this time it was reading over 110 in the shade, but those were unseasonably and abnormally hot times and led to lots of cases of sunstroke before summer was over. . . . . The trend during the first ten weeks has been only slightly and irregularly upward. The season of spring stimulus is passing rapidly and most indicators are barely holding their level. It looks like a cool summer for those who can't forget last year and insist on incessant dog-days and perpetual perspiration, but it will be plenty warm enough for those who can keep their shirts on. . . . . Business is not getting back to normal as fast as some folks forecast, but by long-range reasonable and seasonable standards it isn't so bad. . . . . The stock market, taking its eyes off the far future and looking backward to the boom of yesteryear is being overcome at last by the pathos of distance, and resigning itself more rationally to the realities of the present. . . . . This too, will be all to the good now that the Federal Reserve, following further foreign bank rate reductions, has decided to give business another dose of cheaper money medicine.

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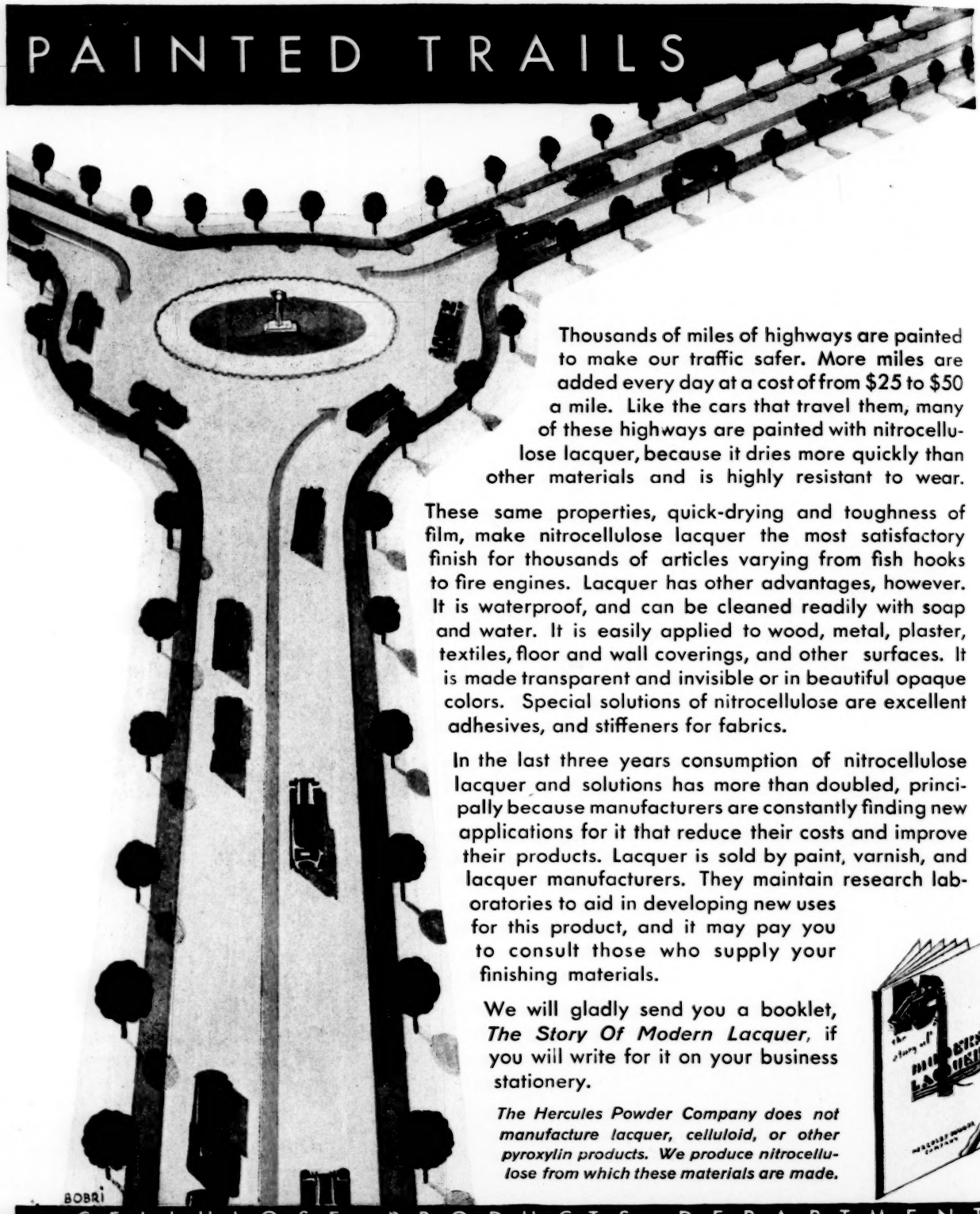

Thousands of miles of highways are painted to make our traffic safer. More miles are added every day at a cost of from $25 to $50 a mile. Like the cars that travel them, many of these highways are painted with nitrocellulose lacquer, because it dries more quickly than other materials and is highly resistant to wear.

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HERCULES POWDER COMPANY

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988 KING STREET, WILMINGTON, DELAWARE

NITROCELLULOSE COTTON CELLULOSE NAVAL STORES EXPLOSIVES

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Bus. Adm.

What's In This Issue—And Why

BEGIN reading *The Business Week* henceforth the moment you pick it up, for in proud position on the new cover appears The Business Outlook. Week after week, it is our carefully considered appraisal of the current situation—in a very real sense the condensed essence of all that follows.

ON the cover, too, is *The Business Week's* new Business Indicator, showing the level of current business activity.

COMPUTATION of this interesting figure was, and is, an ambitious achievement. There is no other weekly index of the kind. Business men of statistical bent will find on another page a comprehensive explanation of how it is worked out.

INSPIRED partly, we hope, by the direct suggestion in *The Business Week,* seven Southeastern states plan a regional economic council on the sound model so well tested in New England.

MOST important of business meetings each year is the mighty gathering of the United States Chamber of Commerce. Delegates this time met in chastened mood, eager to discuss a business world not quite so automatic, so perfect, as it seemed a year ago.

THE first business depression was to test instalment selling. Well, what is it proving? The answer isn't complete as yet, but certain interesting facts begin to emerge.

RADIO manufacturers licensed under R. C. A. patents still are mightily agitated over the corporation's contemplated expansion. They talk of a counter-attack, a court battle over patents, heart of R. C. A.'s whole structure.

BUSINESS is increasingly concerned over price wars, dubious sales ethics, profitless operations for half America's industrial corporations in 1929. Laws bar some solutions; the Federal Trade Commission has just slammed another door. Would a "Federal Farm Board" for industry help?

TOOL men see big Russian orders lost to German competitors. They ask the reason and believe they know the answer—credit.

HENRY FORD has increased the discount allowed dealers, and introduces an interesting sliding scale—in answer, it seems, to wide discontent among Ford agents.

SILENT for months under heavy fire, the chain stores finally decide to reply to critics—issue the first of their defensive statements, answer charges in detail.

GEORGE K. MORROW'S mergers aren't distribution mergers, production mergers, or finance mergers. They're just old-fashioned housecleanings, says the Gold Dust boss.

CALIFORNIA'S fruit traffic is a big plum (excuse it, please) and Panama-Pacific steamships are trying to snatch it from the railroads—an interesting contest.

LUMBERMEN want a conservation board, explain the reasons to President Hoover, discuss problems of an industry intelligently fighting its troubles.

AMERICAN chemists May 9 will pin a medal on George Eastman, who is no chemist at all. But there seem to be good reasons why he deserves it.

THE BUSINESS WEEK

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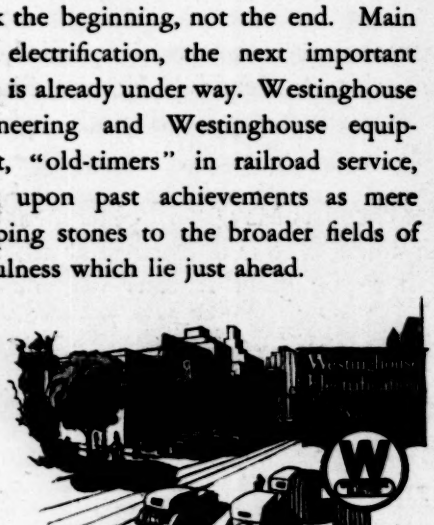
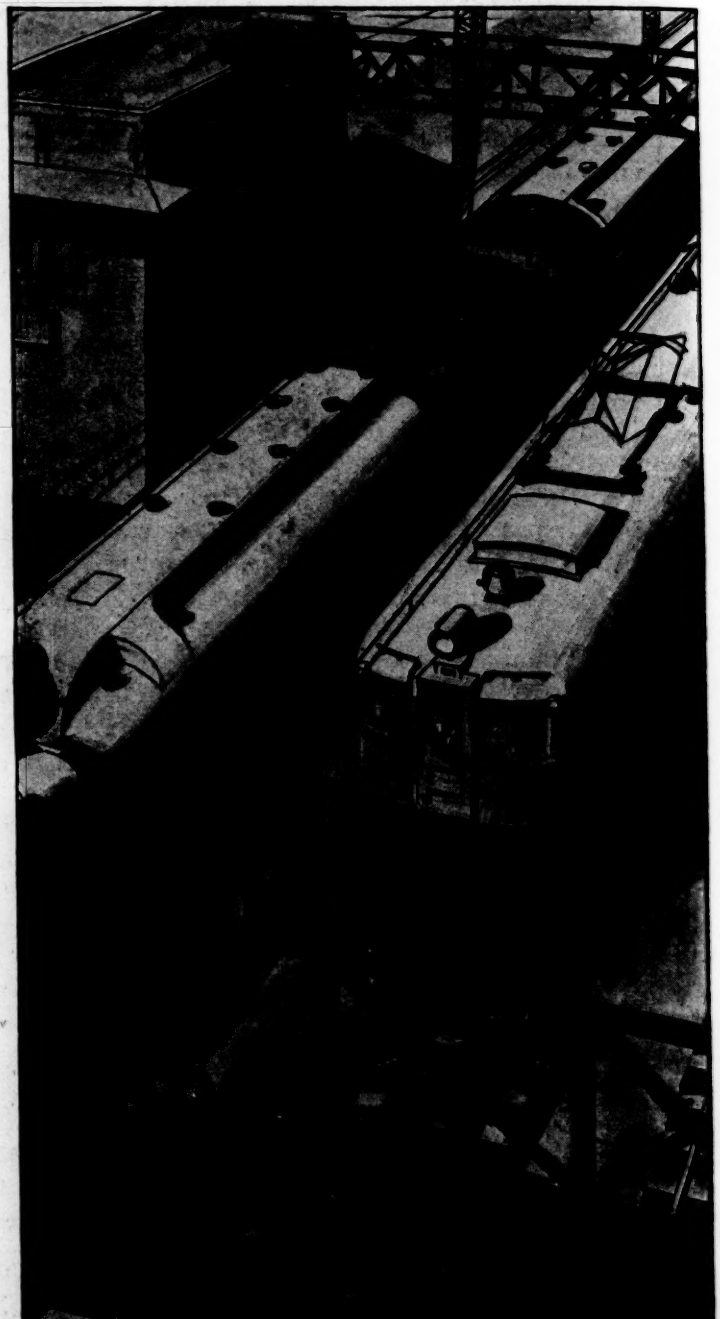
ECONOMICS OF THE ELECTRICAL INDUSTRY

More Electricity

the answer to "More Transportation"

The steam locomotive gave transportation its first great opportunity—but the extension of transportation opportunity now depends upon electricity. Where steam's mightiest is not enough, electrification takes up the burden, bringing new advantages of speed, power and flexibility. In terminals and freight yards it means clean efficiency and lower operating costs. Coupled with the internal combustion engine, electricity furnishes a new and economical motive power to make branch lines self-sustaining. Yet present realities mark the beginning, not the end. Main line electrification, the next important step, is already under way. Westinghouse engineering and Westinghouse equipment, "old-timers" in railroad service, look upon past achievements as mere stepping stones to the broader fields of usefulness which lie just ahead.





ELECTRIC POWER BUILDS BUYING POWER

Westinghouse

THE BUSINESS WEEK

The Journal of Business News and Interpretation

News of the week ending May 3, 1930

World's Banks Join to Aid Business With Cheap Money

Cut in Rates Most Obvious Case of International Cooperation Yet Seen—Europe's View Gloomy

BUSINESS considerations again won over conservatism and banking technicalities this week in the most obvious case of international central bank cooperation yet seen. Thursday a 3% rediscount rate was established by the Federal Reserve bank of New York for the first time since early 1925. The Bank of England cut to 3%, the lowest rate there since 1922, and the Banque de France to 2½%, lowest since 1898. Markets generally were taken by surprise; the central bankers acted with unusual vigor and speed.

With the failure of business to show anything like the usual seasonal upturn this spring and with summer, when activity normally lessens, coming fast, the bankers apparently decided to leave no stone unturned in efforts to help.

Little Cheer Abroad

The outlook abroad is even more gloomy than here. Cabled reports to be found in our Swift Survey show that unemployment is becoming very grave in Germany, that France is losing its optimism, that Britain sees few reasons for anything but pessimism. The downturn in the stock market in New York removed the one great obstacle to following the recent suggestion of an English bank director that a little inflation would be a good thing.

Both Italy and Germany, as well as the smaller nations, had lowered their rates. These still are 6% and 5½%, however. In this country, other banks are likely to follow the New York Reserve institution. Business in the other districts is as needy as that in the financial capital, if not more so.

The necessity for cooperation was evident. The franc-pound exchange rate for a week before hovered very near the point where France would take gold from London. American bills have appeared in London. A rate cut without New York doing likewise would have accentuated this trend.

France did not take the step in pure altruism. There are signs that her prosperity is waning like that of the rest of the world. She also faces the danger of inflation from too huge supply of funds internally. She wants to develop Paris as an international money market and has been reducing taxes with that in mind. The lower rate will encourage foreign financing in Paris and suit all her purposes admirably. It must be remembered, however, that the 2½% discount rate is not the working rate, as is the discount rate in England and America. The rate at which business is done almost entirely is from 1 to 2% above the actual discount rate.

The effect on business of the step will be large, but somewhat indirect. The establishment of unusual rates probably will not have an immediate result, but the longer-term effect is undoubted. For example, low rates check declines in commodity prices

No great stimulus to the stock market is anticipated. The decline in the past two weeks, after operators had whipped up prices beyond present justification, should have an influence toward conservatism—for a time.

Fall River Mills To Join Bancamerica-Blair Merger

DIRECTORS of the Davis Mill, the Lincoln Manufacturing Company, the Pilgrim Mill, and the Crescent unit of the Merchants Manufacturing Company, all of Fall River, have voted to recommend participation in the merger of fine goods mills supported by the Bancamerica-Blair Corporation.

It is understood the combine wishes to add sufficient mills in the North and South to give it a total of at least 1 million spindles, making it the world's largest textile corporation.

Merger of the local mills would give the Blair group about 400,000 spindles in Fall River. It is also learned that additional mills are desired to bring the number of spindles to 600,000.

International News

TRIAL TRIP

The new French motor-ship "Lafayette" leaves St. Nazaire, passing the statue of an American doughboy which commemorates the landing of the first contingent of the A.E.F. in France. She makes her maiden voyage to New York on May 17

What's Ahead For Business Is "Work," Says U. S. Chamber

SUMMONED to Washington this week to find an answer to the question, "What's Ahead for Business?" 2,500 members of the Chamber of Commerce of the United States replied in one grim word—"Shirtsleeves."

If the annual meeting committee intended to invite prophecy with its selected "theme" for the 1930 gathering, it must have been disappointed. There were no takers. Perhaps the chief restraining influence was the thought of what might have happened if the same theme had been delivered over to the confident group that assembled a year ago in the Chamber's marble temple to the glory of American business.

If the 1930 meeting had little to say about what is going to happen to American business, it had a good deal to say about what American business ought to make happen in the way of organization and positive achievements to the public benefit. The first few moments of the opening session on Tuesday morning saw the theme interpreted to read, "What's Ahead for Business to Do?" and the delegates hammered away at that line from then until Thursday night.

Problems Discussed

Out of the welter of problems faced in its discussions, the Chamber meeting gave precedence to stabilization of employment through better management, to the stabilization of competition through trade practice regulation, to what it called "the nation's tax muddle" and to what, in their more restrained moments, some of its speakers told Mr. Legge was "the nation's farm muddle."

Looming up behind Chairman Barnes' story of the swift changes in American industry due to research and the development of new competition, pushed to the front by his reassertion of "the general acceptance of the American philosophy of high wages justified by individual production," the unemployment question elbowed its way into almost every discussion. In the round table on industrial development, Morris E. Leeds, president of the Leeds & Northrup Co. of Philadelphia, suggested what many delegates acclaimed as the meeting's best answer: That unemployment must be met by developing a conscience in American industry that pricks when workers are laid off just as much as when a plant fails to earn the interest on its bonds.

Anti-Trust Laws Up

In dealing with the question of trade practices some of the delegates at the Chamber's eighteenth annual meeting also took the bull by the horns and called for revision of the anti-trust laws. Representatives of the coal and lumber industries told the meeting that enforced curtailment of production is the only solution of their problems; that, before this can be accomplished, the anti-trust laws must be "modernized" to permit cooperative action.

For the "tax muddle," the Washington meeting proposed simply—simplification.

As for the "farm muddle," it was not so easily disposed of. Faced by the threat of a Chamber resolution censuring the activities of his Farm Board, Chairman Alexander Legge met the attack head-on. His defence of those activities at the general session on Tuesday went into particulars, but one paragraph may serve to show sympathetic outsiders what the Chamber was up against:

"I am sure that most of you will agree," he said, "that you know more about the agricultural situation and how to meet it than I do. A considerable percentage of your membership have made it quite clear, and perhaps the best answer I can make is the statement that if this be true, and you really know so much about it, the situation presents a very severe indictment of the organization which, having full information of the facts, has made so little effort to remedy the situation. Certainly none of you has seen any evidence of constructive action on the part of the Chamber of Commerce or on the part of any of its affiliated organizations, with the doubtful exception of taking a referendum two years ago, looking to a remedy for and permanent improvement in the situation which your own investigators had warned, required substantial assistance, if not from you, then from the government."

Vote of Censure

It was a gallant effort but to no avail. On Thursday afternoon the Chamber passed its resolution, recording its conviction that the administration's agricultural policy, "without real benefit to agriculture," had imposed an "unbearable hardship on business enterprise"; expressing its continued opposition to the further use of government funds in this way and proposing to call a conference of its own, including representatives of the cooperatives, to seek a new solution to the problem.

Keystone

OPEN AIR CHAMBER OF COMMERCE

Overflowing the regular assembly rooms, delegates to the annual meeting of the United States Chamber of Commerce enjoy the Washington sunshine while they listen to the proceedings over loudspeakers

Pacific & Atlantic

TELEPHONES FOR TRAVELERS

Sir Henry Thornton, head of the Canadian National Railway, inaugurates a new two-way telephone service from moving trains by calling up Secretary of Commerce Lamont in Washington

R. C. A. Expansion Likely To Hasten Attack on Its Patents

THE radio patent situation is coming to a head, apparently as a result of the understanding in the industry that Radio Corporation of America is to manufacture receiving sets for sale by itself, Victor, General Electric, Westinghouse, Graybar, and General Motors, (*The Business Week*, April 30). Plans are under way to organize the so-called independents, many of them R. C. A. licensees, for what is expected to be a long and complicated series of legal battles to break what the independents call "monopolistic control." The Department of Justice is known to be investigating the radio patent situation.

The Opposing Views

The situation is complex. R. C. A. controlling the bulk of the radio patents (numbering in the thousands) naturally holds it can control use of them as it sees fit for the welfare of "the radio art," and that it is doing just that. The independents assert that the patents held by R. C. A. have not been adjudicated; that R. C. A. has used its patent monopoly in restraint of trade and as a basis for restrictive contracts including clauses which ownership of patents does not justify. They point to Clause 9 in the original contract between R. C. A. and its licensees which provided that sets initially equipped with tubes other than those manufactured by R. C. A. could not be sold under the agreement. This clause was later declared illegal by the courts.

Royalties Are Costly

Independents appear to be deeply concerned over the new manufacturing and merchandising plan of R. C. A. Heretofore, General Electric and Westinghouse did the set manufacturing, and sold to R. C. A. which, in turn, sold to distributors and jobbers. This arrangement, the independents say, made costs to R. C. A. sufficiently high so that they (the independents) could afford to pay a 7½% patent fee to R. C. A. and still compete. Under the new R. C. A. set-up, they believe, General Electric and Westinghouse will collect the distributor's profit, which formerly went elsewhere. They assert that the patent advantage which R. C. A. already has runs as high as 22½% in some cases. Grigsby-Grunow is understood to pay 7½% of the wholesale price of its product to R. C. A., a competitor, and 7½% to miscellaneous outside patent holders. This, they claim, makes the total R. C. A. advantage 22½%.

Whatever legal action is taken by the independents is expected to center around their contention that the distinction between the "radio combine," as they call it, and other patent owners is that "the combine is seeking to dominate the industry and create a monopoly, while the others are simply trying to collect revenue from their patents."

Lowell-Dunmore Case

B. J. Grigsby believes radio manufacturers could conduct their business independent of R. C. A. patent holdings if they would. Patents owned outside R. C. A., he told the Senate Interstate Commerce Committee in January, "are more important than those they have." He declared the Lowell and Dunmore patent, for "plug-in" sockets for receiving sets, is one of the most important in radio. The government is now suing Percival D. Lowell and Francis W. Dunmore and two of their licensees to recover this patent on the grounds that it was developed while the two inventors were employed by the radio section of the Bureau of Standards, Department of Commerce. The validity of the patent was recently sustained in actions brought by Messrs. Lowell and Dunmore against R. C. A.

Sporting Goods Industry To Define "Fair Play"

OFFICIALS of the golf, baseball, and general athletic goods industry will gather May 7 at White Sulphur Springs, W. Va., to confer with the Federal Trade Commission in an attempt to eliminate "unfair, wasteful, or otherwise bad" practices in the trade.

Some of the practices to be discussed: secretly paying athletes or others to use one particular brand of equipment; advertising that winners of competitions used goods of a concern, without revealing obligation to use such equipment; using names of prominent athletes on goods not used or designed by them; exclusive dealing, including rebates, gift goods, or other allowances conditioned upon agreement to use or deal in only a particular concern's equipment.

Seven Southeastern States To Form Regional Council

THE seven states of the Southeast are to hold an annual economic conference beginning this fall, and set up a regional council to coordinate the development of this economic area.

The decision was reached at a conference of governors held April 28, at Asheville, N. C. The organization will be patterned after the New England Council and will follow the general program of purposes outlined in *The Business Week* in a series of articles last fall. These articles urged that other sections of the country capitalize the experience of New England and group themselves for organized leadership in economic development.

Governors at Meeting

Governor O. Max Gardner of North Carolina called the meeting and presided. Governor Henry H. Horton of Tennessee and Governor Doyle Carlton of Florida were present in person, and the governors of Virginia, South Carolina, Georgia, and Alabama sent representatives. From each state came leaders of business, industry, and finance.

Frank Page, the man who carried through North Carolina's celebrated road building program, was appointed temporary chairman to go forward with the project and bring together the first Southeastern Economic Conference in October. At that meeting it is planned to set up the Southeastern Regional Council as the working organization. This annual conference, if it follows the New England plan, would consist of delegates from all the agricultural, business, and industrial organizations of the area who would elect twelve councillors from each state, representative of agriculture, commerce, industry, and finance. These men would form the council and organize in committees to study the problems of the Southeast and to promote its development. Since each state would have a man on each committee, group thought and group action would be insured.

The Asheville conference was unanimous in its endorsement of the idea, believing that the time is right for practical cooperation between the Southeastern states and the solution of common problems. It was recognized that the interests of these several states are increasingly influenced by economic factors that know no political boundaries and that progress is more and more dependent upon the development of resources that are regional rather than local. The need for a more balanced agricultural activity and a more diversified industry was particularly stressed and the first step towards progress in this direction is clearly the establishment of a practical mechanism for the orderly treatment of such problems. The governors are confident that a regional council will provide an effective agency for progress.

JOIN TO WORK FOR SOUTHEAST

Gathered at Asheville to plan a regional council. Left to right, Former Governor Cameron F. Morrison of North Carolina, Governor Henry H. Horton of Florida, Governor O. Max Gardner of North Carolina, and Governor Doyle E. Carlton of Florida

Underwood & Underwood.

READY FOR DO-X

Louis C. Huck, vice president and general manager of the Dornier Co. of America (subsidiary of General Motors) returns on the Mauretanic after making arrangements for the westward flight of the giant plane this summer

This Merger Won't Merge Association Memberships

TRADE association officers are drawing a long breath of relief over the McKesson & Robbins decision to withdraw the resignations of its subsidiary jobbers from the National Wholesale Druggists Association.

McKesson & Robbins absorbed so many wholesalers that their resignations, submitted en masse several months ago, would have been a serious blow to the association.

F. D. Coster, president of McKesson & Robbins, has now relieved the association's worries by announcing, that for the good of the trade as a whole, he will forfeit this one of the tangible economies of merging.

Ford Raises Discount Rate To End Dealer Revolt

HENRY FORD'S dealers have made their first successful protest against a major factory policy. Their revolt, intensified by a cut in discounts (*The Business Week*, April 2), has resulted in an announcement from Detroit that discounts are to be raised according to a sliding scale whereby largest dealers can obtain 21%—1% greater than the discount allowed previous to the reduction.

The cut in discounts from 20% to 17½% last November, simultaneous with a price reduction on all Ford cars, aggravated unsatisfactory conditions which had been causing discontent among Ford dealers. Defections from their ranks began to increase at a rapid rate.

Under the new scale the discount remains at 17½% for dealers selling up to 50 cars and trucks per year; it is 18% for annual sales of from 51 to 100; 19% for sales from 101 to 150; 20% from 151 to 500; 21% for sales of more than 500 a year.

Favors Larger Dealers

This plan favors the better dealers—those whose loyalty Ford is most anxious to retain—and offers them $5 more per car than they received under the old 20% discount. The sliding scale will be an added incentive to dealers to increase their sales since now they will not only increase their gross profits by so doing but, if they can move into a higher sales group, will increase their unit profits as well.

It is not altogether unlikely that the entry of Fred L. Rockelman into the Chrysler organization—nominally as Walter P. Chrysler's assistant—had an influence in bringing about the Ford announcement. Mr. Rockelman was for many years an important Ford executive; for the last 5 years he had been general sales manager. A few weeks ago disagreement over Ford sales policies caused him to resign (*The Business Week*, April 9). With his wide acquaintance among Ford dealers and his generally acknowledged friendliness to their aims he was in an excellent position to gather some of the better Ford dealers into the Chrysler fold if there were no indications that the Ford policies were to be softened.

A "Morrow Merger" Is Just a House Cleaning

"GEORGE K. MORROW took control of United Cigar Stores." What is control? He didn't have a share of stock, nor has he bought one since. Yet he has "taken over" United Cigar Stores and he runs them. Asked how he does that kind of thing, he said, "Just walked in and told the men on the bench to move along so we could sit down. They did and we did."

The Business Week inquired of him whether his Gold Dust (soap, shoe-polish, and salad dressing) combination was a production merger, a distribution merger, or a finance merger. He replied, "Not any of these, but just a method of getting rid of wastes." Most of the companies, he pointed out, were old and filled with a lot of unnecessary jobs.

"For instance, Such-and-Such Company (one of his strangely assorted group) occupied three floors of high rent space with 400 clerks. We closed up those offices, took one floor in a more reasonable part of town, threw out all but 150 clerks, together with the imposing high-salaried executives, and now the business that company does yields a profit. We didn't increase the business. All we did was to cut out the unnecessary load it was carrying.

"There don't have to be any 'economies of merging.' The only need is that a company be given a business management. If another company needs a housecleaning, we can take that, too. The latter doesn't have to have any relationship to the first, either in product or market. What we give them all are economies which most people haven't the courage or knowledge to put through."

Best & Co. Opening New Suburban Branch

BEST & CO., only New York store to try suburban branches, is opening one more, in East Orange, N. J. Established branches are in Garden City, L. I., and Mamaroneck, N. Y. Seasonal shops are operated in Southampton, L. I.; Asbury Park, N. J.; Palm Beach.

Obviously Best's finds the policy promising. Philip Le Boutillier, president, would not, however, draw detailed conclusions, said Best's was still studying the question. The Fifth avenue store last year increased net sales 9½%, net profits 27%.

Wide World

PRODUCTION STARTS IN FORD WEST COAST PLANT

With the arrival of the Goodyear baby blimp, and the first Ford ship with materials, the Long Beach assembly plant was formally opened by Mr. Ford. The new plant has the most modern equipment, including a deep-water dock, and unusual rail and motor transportation facilities. It will employ 2,500 men and turn out 75,000 cars a year

Plane Makers Cut Prices Below Cost To Get Volume

AIRPLANE prices, which began to fall with the announcement of several reductions made at the International Aircraft Exposition in St. Louis in February, have been dropping almost steadily ever since. Following Stinson's sensational pricing of a four-passenger cabin plane at $5,775, cuts have been announced by nearly a dozen other manufacturers, and more are expected. In many cases, the new prices are frankly below the present cost of production, with the makers going on the theory that they must attain volume business first, and look for profits afterwards from the lessening of cost per unit through economies made possible by mass production.

The large transport planes have been affected, as well as the cheaper machines intended for private ownership. Early last month, Fokker Aircraft Corp. (a division of General Motors) announced reductions averaging about 20% on all models except the new F-32. Sikorsky, which is controlled by United Aircraft & Transport Corp., followed with a reduction of $7,000 in the price of the S-38, an eight-passenger amphibion which is coming into extensive use for Central and South American service. Ford has just announced cuts of from $2,000 to $5,000, affecting all models. Manufacturers of smaller planes who have also lowered prices recently include Fairchild, General Airplanes Corp., Great Lakes, Aeronca, Davis, and others.

Couzens Would Suspend Mergers to Save Jobs

SENATOR COUZENS has prepared a new draft of his resolution on rail mergers. As revised it calls for suspension until March 7, 1931, of all consolidations except those that can be made without injury to employees, shippers and investors; directs the Interstate Commerce Commission to protect railway workers by restoring those parts of the Sherman and Clayton trust acts which were suspended by the Transportation Act of 1920.

Reference to welfare of employees in the new draft apparently coincides with the attitude of labor on the subject. When the original resolution was issued, Donald R. Richberg, of the Railway Labor Executives Association, suggested an amendment which would prevent consolidations where any substantial number of employees would be dismissed, demoted, or made to change their places of residence.

Opposition of labor to the I. C. C. consolidation plan is important. When the commission's approval of the Great Northern–Northern Pacific merger was announced, Donald R. Richberg proceeded to draw up a statement on consolidation which Senator Couzens embodied in his resolution. Contention of labor leaders is that mergers would throw large numbers of men out of employment. In reply, Daniel Willard, president of the Baltimore & Ohio, pointed out that this problem would be met in mergers by keeping men on the payrolls and allowing labor forces to shrink through the ordinary procedure of retirements and pensionings.

New York Opposes

Opposition to the I. C. C. plan developed in another quarter this week when New York State's Chamber of Commerce was drawn into the discussion. Its committee on rail mergers recommended that the organization vigorously oppose the I. C. C. set-up. It holds that the plan would impair competition between railroads for traffic at New York and would aid Baltimore, Philadelphia, and Boston in diverting traffic from the city. Leonor F. Loree, president of the Delaware & Hudson Company, is president of the chamber.

Incidentally, the committee also urged construction of a line from New York to Pittsburgh to shorten the distance by 75 or 80 miles. This plan, first suggested by the late E. H. Harriman, is now being pushed before the I. C. C. by Mr. Loree.

Hat Trade to Try Second-hand Plan

SECOND-HAND hats are to be offered by the hat trade to open "untapped markets." Experiments, to be tried in one city to test the value of the plan, will rest on the premise that if a man will not buy a new hat he can be persuaded at least to discard his old one for a renovated "second-hand."

Manufacturers are raising a fund to buy old hats through cleaning establishments. These will be remilled.

FOUR UP

R. Arthur Wood, president of the Chicago Stock Exchange, will probably be elected next month for a fourth term. Under his leadership, a baby exchange has become a half-million-share-a-day market

Pacific Coast Unites to Divert European Tourists

THE entire Pacific Coast from British Columbia to Lower California is uniting in a drive for a greater share of the $4,000,000,000 spent annually by the 13,315,727 American families who take vacation trips.

An advertising campaign has been launched by the Pacific Coast Crusade Committee, composed of 150 civic, business, and industrial leaders from British Columbia, Washington, Oregon, and California, to cut in on European travel. Fred R. Kerman, vice-president of the Bank of Italy, San Francisco, is general chairman.

Southern California has been particularly successful in attracting tourists. Total visitors increased from 250,000 in 1921 to 1,066,392 in 1929.

Federal Reserve Board Makes "Direct Pressure" Fixed Policy

THE Federal Reserve Board's much debated "direct-pressure" method of dealing with member banks is to be a fixed policy, not just an emergency measure. The usually non-committal annual report of the board is unusually outspoken on this point. It says that the system's greatest problem at the opening of 1929 was to restrain the growing volume of security credit without hurting business; that, feeling discount rate increases would be too harsh a form of treatment, it instituted its campaign of direct-pressure on member banks, announcement of which startled the financial world on Feb. 7, 1929; that this method resulted in a "substantial conservation of the credit resources of the banking system of the country and particularly of the Federal Reserve banks, for essential needs which arose later."

In that section of the board's report for 1929 which is seen as a formal sponsorship of the new policy, the board says:

Most Urgent Problem

"The protection of Federal Reserve credit against diversion into channels of speculation constitutes the most difficult and urgent problem confronting the Reserve system in its effort to work out a technique of credit control that shall bring to the country such steadiness of credit conditions and such maintenance of economic stability as may be expected to result from competent administration of the resources of the system. Whatever method, or combination of methods, of securing these results may eventually win the sanction alike of successful practice and of public opinion, the recent outstanding experience of the Federal Reserve system in demonstrating the practicability of 'direct pressure' has clarified the problem and advanced its solution."

The board has not always been so sure of itself. When "direct-pressure" was first instituted, opinion within its ranks and throughout the system was so divided that permanent sanction seemed questionable. Criticism from outside has gone so far as to make the policy basis for charges that the board was responsible for the stock crash and business recession because it chose to "quibble and delay" at a time when "definite and forceful action" was needed. Some bankers called the plan "meddling" and said the board should move directly instead of reaching into individual banks.

Business Not Burdened

In reply, the system has made the point that this method permitted the necessary credit control without the burden of higher interest rates.

Whatever the rights of the case, the banks now have another factor to consider in their relations with the Federal Reserve system, and "direct-pressure" is added to the discount rate and the sale of securities as a permanent control device of the central banks.

Discussion of Reserve Board policies, started by the publication of the annual report, has increased with the appearance of "Federal Reserve System" written by Paul Warburg, one of the founders of the system. In this book, Mr. Warburg pays considerable attention to the problem of freeing the board from political pressure. To this end, he urges that the Secretary of the Treasury be removed from the board; that a name once approved by the Senate for membership on the board need not be resubmitted to the Senate on reappointment; that 4 representatives of member banks approved by the President should sit with the board—this to prevent conflicts between board and banks such as that in 1929 between the board and the New York, Chicago, Philadelphia, and Boston banks.

Fur Industry Gets New, Stricter Code

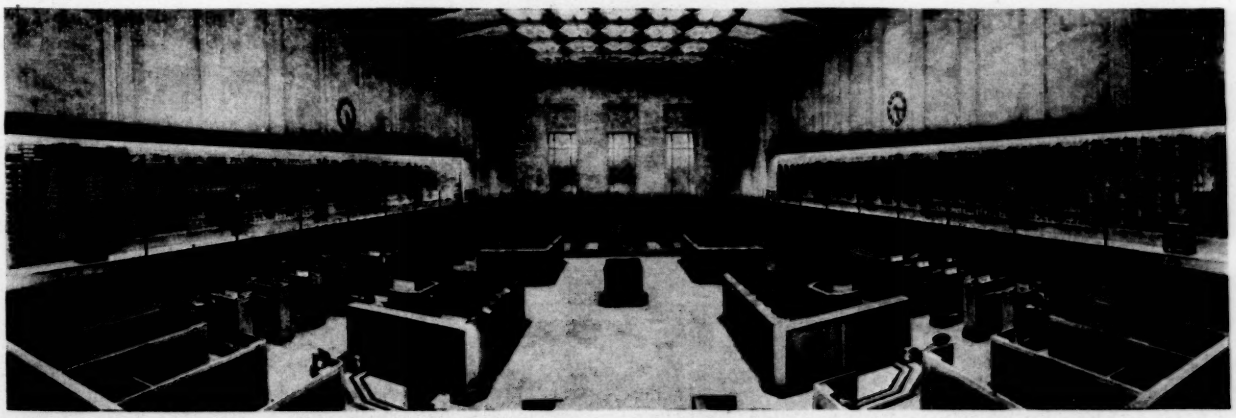
STRICTER, broader in scope, a new code of practice has just been adopted by the fur industry. A two-year agreement expired; the new one is expected to have an even greater stabilizing effect. Written into the by-laws of Associated Fur Manufacturers, Inc., the code carries penalties of fines up to $500, suspension, or expulsion. Members must open books to association auditors at any reasonable time.

Principal abuses forbidden: shipping on consignment; shipping on approval, except on bona fide request from out of town, and then for three days examination only; leaving samples with any buying office; accepting returned goods after five days; accepting orders from "free lance" commission salesmen.

Standard selling terms are strictly enforced. They run from 10% for 10 days to 2-10% for 5 months.

M. I. T. Plans to Teach New Textile Technique

INCREASING demand for technical courses on textile manufacture has led the Massachusetts Institute of Technology to offer a course this summer on textile research and analysis to begin June 17. The use of optical equipment, microscopes, and microtomes has made available a new technique.



THE TRADING FLOOR OF SAN FRANCISCO'S NEW STOCK EXCHANGE

Attorney General Restates Administration Trust Policy

JOHN LORD O'BRIAN, assistant to the Attorney-General, speaking Thursday to delegates from all trade associations who have trade practice codes:

Trade associations are to be praised. In the main, they are doing good work. Trade practice codes are praiseworthy. There is no friction between the Department of Justice and the Trade Commission. The Department of Justice is concerned only when trade associations try to distort interpretation of trade practice codes to mean that they have federal sanction to discriminate, monopolize, or (frequent offense) fix prices.

This may be taken as the administration's official policy. It corresponds exactly to *The Business Week's* outline of that policy, in the issue of Feb. 15.

No Subterfuges Avail

Everyone knows price-fixing, under whatever subterfuge, is illegal, Mr. O'Brian said. "There have, nevertheless, been recent instances where this practice has been attempted by the misuse of so-called codes of ethics or trade rules. Fortunately the number engaged in these practices is relatively inconsiderable, and their conduct has not been imitated or approved by trade associations generally.

"When individuals violate the law they must not expect to justify or excuse their illegal conduct by the adoption of formal resolutions or trade rules. Where these illegal practices exist the Attorney General intends to check them by appropriate legal action. That is his duty.

"But in all this there is no cause for anxiety or uncertainty in the business world. There are no revolutionary law policies impending, the number who take chances are relatively few, and those who take chances should not complain of the consequences.

"It is not within the power of the Attorney General affirmatively to approve trade rules or practices. A practical reason for not attempting this is that neither he nor any other law officer can accurately forecast what individuals may undertake to do in a particular industry pursuant to trade rules. In short, the Department of Justice is not concerned with trade plans unless illegal practices result from their operations."

June 1 Most Hopeful Forecast for Tariff

ADOPTING the conference report on the tariff bill, 240 to 151, the House settled down Thursday afternoon to debate five controversial schedules—(sugar, lumber, cement, shingles, and silver) and three administrative changes (flexible clause, tariff commission, and debenture). If the House agrees with the Senate on any of these things, that section is settled. There is reason to believe they will agree on sugar, at 2 cents a pound against Cuba. The present rate is 1.76 cents.

Items on which the House fails to concur with the Senate will be sent back to conference. The House should finish in a few days.

The Senate takes hold shortly thereafter but is not expected to get seriously down to business for a week after the House finishes. Then comes a series of speeches, each member willing to have campaign material printed at the public expense. June 1 is the minimum forecast for passage of the bill through both houses.

Distrusting Present Price, Nobody Buys Copper

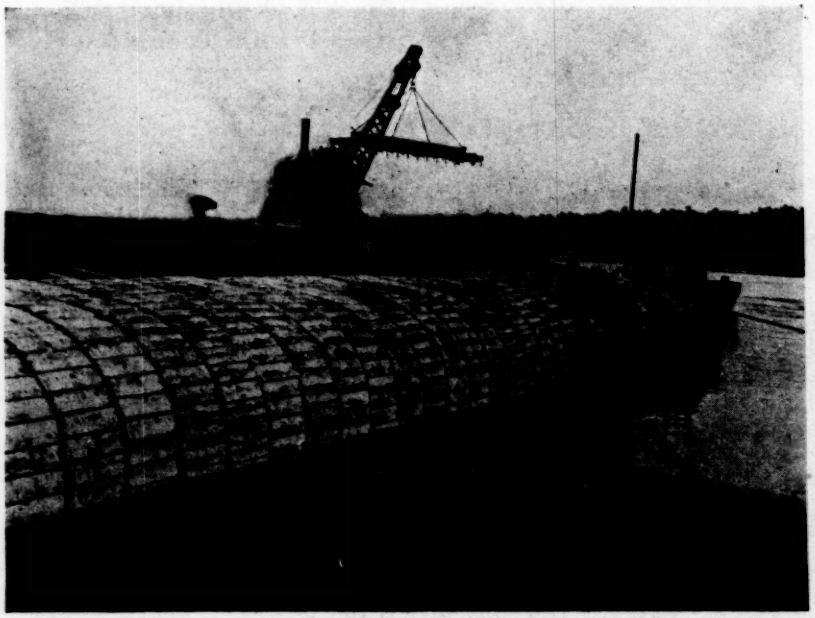
COPPER producers and buyers are still unsettled as a result of the 4-cent price drop on April 15. Trading in the metal this week was extremely quiet probably because buyers aren't sure the 14 cent price will hold.

Another flood of rumors, originating in Wall Street, said that the price will go to 12 cents. Business reached the lowest point so far this year. Other rumors had it that some of the small producers were cutting prices ¼ to ½ cent, but actually no business was done under the 14-cent price.

Smaller producers all denied emphatically that they offered the metal at concessions. Copper exporters were in session April 30 and it was thought that price changes might follow, but no action was announced after the adjournment of the meeting.

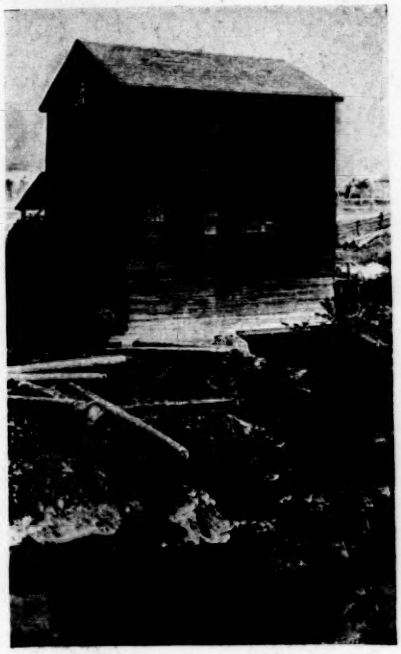
Miners' wages at Montana properties (Butte, Anaconda, Great Falls) were reduced 25 cents a day May 1. Miners' contract prices are expected to be adjusted to the new rate, which means a drop to $5.25 a day. The industry anticipates further reduction June 1. By agreement, copper miners' wages go up and down with the market price of the metal.

Quarterly dividend rate of the Chile Copper Company (controlled by Anaconda) has been reduced to 75 cents a share compared with 87½ cents previously. This has been interpreted by the market to forecast many similar cuts.



STRAIT-JACKET FOR MISSISSIPPI

This stone mattress of interlocking concrete slabs is laid on the river bottom to prevent the current from scouring the bottom and undercutting the banks. Towed into position on a special barge, it is slipped into the water from a roller-bearing deck



OREGON'S OLDEST FACTORY

McKercher's Flouring Mill has been grinding continuously for 82 years. '49ers paid $150 a bag for this flour, packed into California by mule train

Building Trades Iron Out Jurisdiction Disputes

FOR 3 months, at least, the building trades industry of the country should be free from strikes over jurisdictional disputes. Representatives of the National Association of Building Trades Employers and of the American Federation of Labor are engaged in a conference, undertaken at the instigation of President Hoover, to find some practical plan to eliminate the wastes brought about by disputes over operations on buildings. Union representatives have recommended that during the period of the conference, which is expected to make its final report not later than July 28, no disputes over jurisdiction be argued by strikes or stopping work.

Air Service Cut Pending Mail Award

PICKWICK LATIN AMERICAN AIRWAYS has suspended thrice-weekly passenger and freight service from Los Angeles to Mexico City and Central American points. Resumption will depend on the company's success in obtaining a foreign air mail contract. It already has one with the Mexican government, but claims it needs the revenue from mail despatched in the United States for Central American points.

Lumber, Encouraged, Wants Conservation Board; Tariff

ACTING upon decisions reached at the National Lumber Manufacturers Association convention in Chicago, leaders of the industry called on President Hoover April 30 and formally requested that he appoint a national timber conservation board, similar to Federal oil conservation group, composed of cabinet officers, leaders of the industry, and representatives of the public. It would be a fact-finding body empowered only to report and publish its findings and make its recommendations of national policy. Time required, 18 months; cost, $40,000 (assuming cooperation of United States Forest Service, the organized forestry industries, and other existing agencies).

Wilson Compton, manager of the association, says:

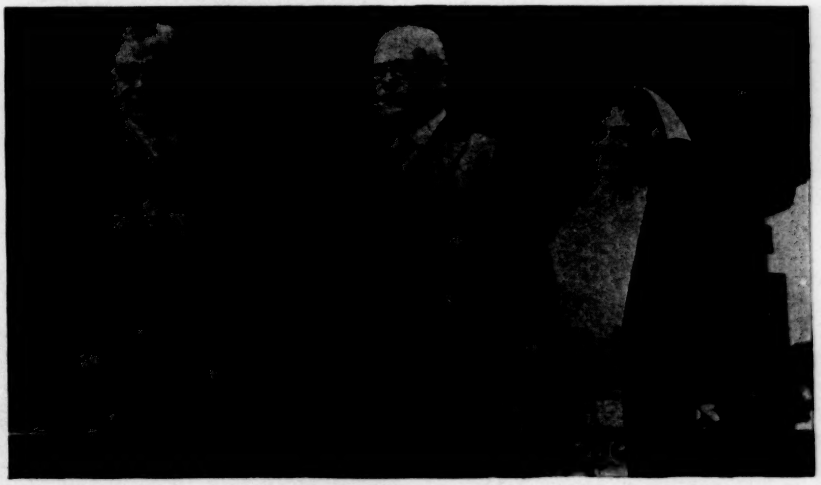
"For the first time in nearly a quarter century, lumber consumption holds its own in competition with other materials. And yet the situation is serious. Overproduction is chronic, as it has been for years. Lack of balance between production and consumption threatens forest industries with economic chaos. Forests are being cut prematurely, only to depress still further prices already forced down to unprofitable levels by oversupply. Uncontrolled production and chaotic marketing will eventually nullify the benefits of all the research, promotion, and publicity activities of national and regional associations combined."

Dr. Compton places his main reliance for curing existing evils upon the industry itself. At his suggestion, fact-finding and statistical services, already extensive, are to be further enlarged and perfected. Research and trade extension work are to be further extended.

Lacked Sales Instinct

Success of the National Lumber Manufacturers Association to date attaches unusual interest to the program of systematized cooperation now being launched. For 12 years Dr. Compton has fought to organize an industry made up of highly diversified and individualistic units—an industry that was slipping every year. Inroads made by aggressive new competitors in lumber markets are in large part the result of lack of sales consciousness on the part of the lumber industry. For a century and a half it had practically no competition; the public had to come to it. The industry took great punishment before it realized how different are the conditions it faces under the new competition.

National Lumber Manufacturers Association has, for the first time, declared for a tariff. If effective it would raise prices, which, in an industry with many scattered producing units, means increased production. Observers point out that it is difficult to reconcile the scientific orderly production and orderly marketing programs now under development with a move tending to encourage chronic over-production.



TRAVELING HOSPITAL

Paul Shoup, president of Southern Pacific (left) presenting the railroad's new health car to Dr. Coffey, chief surgeon. Fully equipped with X-ray, laboratories, consultation rooms and staff quarters, and "talkies," it will serve the 60,000 employees in an advisory and educational capacity

Industry Gropes for Means To Stop Ruinous Selling

Demands Some Change in Anti-trust Laws That Will Permit Combination to Enforce Fair Practices

WITH their hope of relief through the Federal Trade Commission from the evils of unrestrained competition apparently scotched by news that the commission is going to backtrack on its trade practice conference policy (*The Business Week*, April 26) many business men are said to be turning with new interest to the suggestion that industry needs a "Federal Farm Board" to save its shrinking profits from complete dissipation in competitive warfare.

The names of two well-known business men are prominently associated with this suggestion. Charles F. Abbott, executive director, American Institute of Steel Construction, declares lack of profits is caused chiefly by inefficient distribution methods that involve unfair, unethical practices; that anti-trust laws, in forbidding intelligent cooperation among business concerns, have expedited the formation of huge mergers, whose influence is to reduce competition; that the situation calls for a national administrative body to coordinate industrial activity as the Farm Board attempts to coordinate agricultural activity.

Half Make No Profit

Gordon C. Corbaley, president of the American Institute of Food Distribution, believes that the attitude of the Department of Justice toward the attempts of industry to put its house in order is unfortunate; that manufacturers must be permitted to control excess productive capacity in order to eliminate the destructive competition which he also sees as forcing concerns into huge consolidations. He, likewise, recommends a national coordinating board.

Back of the suggestion lies industry's concern over the fact that income tax returns show that about 50% of American industrial concerns are making no profit—this during a period when standards of living, consumer purchasing power, wages, technical development, and capital supply are at the most favorable levels in history.

Huston Thompson, former chairman of the Federal Trade Commission, makes the statement that the recent orgy of mergers has not produced operating economies; there is strong indication that the real reason for a great many of these mergers was that to merge was the only legal way to eliminate competition that had made profits impossible.

Industry is also paying serious and perplexed attention to a recent survey of the National Association of Manufacturers which showed that 79% of 850 members called price-cutting their major problem.

Price All-Important

Industry now has a productive capacity far in excess of what the consuming public, domestic or foreign, is able or willing to buy. This excess capacity represents heavy investments in machinery and equipment on which carrying charges remain fairly constant regardless of output rates. So prices have, in many cases, been hammered to pieces to push distribution. And the situation is complicated by the fact that many industries have passed through the stage in which partial or complete monopoly could be gained by patents, manufacturing or merchandising skill, and have arrived at a position where price is their chief selling point.

In calling for administrative regulation of competitive practices, business men are pointing out that present interpretation of the anti-trust laws, supposed to control large consolidations, actually gives the big fellows all their own way For example, they note that General Motors is, in effect, a closely controlled trade group of automotive concerns; its merchandising importance is somewhat greater than that of all other automobile companies combined with the exception of Ford. These independent companies are prohibited from restricting production, fixing prices or any other of a number of things which would improve the position of the industry while, within its own group, General Motors can do all of these things with perfect legality.

This situation, which is typical of many industries, is wrong, say exponents of bigger and better trade practice codes; the smaller concerns should at least be on an equal footing with the large ones and they are becoming more and more insistent in their demands that changes be made in anti-trust laws to permit it.

Four Great Northern Men Go to Russia

RUSSIA is going to school for three months to learn the Hill system of railroading.

Ralph Budd, president of the Great Northern railway, and three Great Northern trained men are going to be tutors. Mr. Budd announces that he will take with him H. R. Dogan, who is a civil engineer and his executive assistant, W. R. Wood, mechanical engineer, and Homer B. Basset, his secretary.

Wide World

BLESSING THE HULL

The "Atlantique," France's 40,000 tonner for the South American trade, is launched with picturesque ceremony. She goes on the Bordeaux-Buenos Aires run this summer

SEEING IN SPLIT SECONDS

With the stroboglow, a new instrument developed by Westinghouse, anything that moves may be made to appear motionless by means of lights regulated to flash at intervals. Here, propeller cracks and quivers, and engine valve action are being made visible to the naked eye

Chain Stores At Last Reply To "Antis'" Campaign Charges

THE chains have at last replied to anti-chain talk. R. W. Lyons, executive vice-president of the National Chain Store Association, issued a statement categorically answering charges.

1. In answer to the charge that chain money leaves the locality, Mr. Lyons cites what happens to the consumer's dollar in:

A Midwestern Grocery Chain		*A National Drug Chain*	
For		For	
Manufacturers	77¼c	Manufacturers	77¼c
Local payroll	12c	Local payroll	12c
Rent	2½c	Local rent	9c
Taxes	⅝c	Light, other local expense	9c
Local repairs, depreciation	⅞c	Profit distrib. to stockholders	5c
Advertising	¾c		$1.00
Local expenses, supplies, community chest, etc.	4½c		
Profit	2¾c		
	$1.00		

He did not report data indicating what proportion of chains maintain local bank accounts.

2. Regarding local charities, J. C. Penney is quoted as favoring community chests as defense against being made prey for every charitable organization in every town. "There are difficulties on both sides."

3. On standards of merchandise, Mr. Lyons pointed out that most chains feel they have too much at stake to gamble on an effort to "put one over."

4. He explains differences in the size of chain store packages and those sold by independents by saying, "Manufacturers of all nationally known products have certified that they do not make different size packages for chain stores."

5. "Nothing could be further from the truth," he said, "than to say that chain stores sell popular brands at a loss."

6. That chains drive independents out of business is refuted by a quotation from Dr. Julius Klein: "Repeated analyses of failures and near failures among retailers in all parts of the country show that less than 5% of failures among independents were due to competition."

7. Chain store wages, stated Mr. Lyons, are "as high as or higher than the average for their line of work."

8. There is no danger of monopoly because, he said, "there are some 6000 separate chain store systems in the United States, and according to the last government figures they do only 15% of the retail business of the country."

Kroger Grocery Changes Heads and Policies

INTERNAL upheavals are disturbing Kroger Grocery & Baking Co. It started apparently with the annual report. The 1929 totals were a shock—the bankers (and stockholders) looked them over—then things began to happen. W. H. Albers, president; A. L. Nagel, vice-president; George H. Meiners, secretary; B. H. Kroger, Jr., treasurer; and B. H. Kroger, Sr., chairman of the board, and other executives all resigned.

Albert H. Morrill, who has been the company's attorney for a number of years, was elected president; Col. C. O. Sherrill who has been city manager of Cincinnati, vice-president; Charles M. Robertson, treasurer; and L. J. Huerkamp, formerly in charge of store operations, secretary. Charles W. Dupuis, president of the Central Trust Co. of Cincinnati, and G. D. Crabbs, president of Philip Carey Co., are two of the new members of the board—both also Procter & Gamble directors.

With the change in executive personnel have come policy changes. Control is being decentralized. The chain has become too widely flung to be adequately run by the concentrated head organization which served when the company was smaller. The general office is to be practically eliminated. The branch managers will buy as well as sell. Even accounting will be decentralized in this swing of the pendulum. The head office will audit the accounts of the branch managers. That is all that will be left for the head office, which now has over 500 clerks. They worry.

Two Chains Expand In Face of Battles

ANTI-CHAIN campaigners in Louisiana and Mississippi are dismayed to see their efforts result in chain expansion. Great Atlantic & Pacific and the H. G. Hill stores are adding units and adding new services to old units. Chain executives profess to believe anti-chain agitation responsible; it has called public attention to chain stores.

Units are adding fresh meat, poultry, delicatessen, and milk. Milk at 11 cents, cash and carry, caused a furore. The established price has been 14 cents, delivered. Chains have been featuring Del Monte coffee as a cut price leader. Independents say chains offer it for less than independents have to pay for it and blame California Packing Corp.

Instalment Selling Is Strained But Shows No Signs of a Break

While Repossessions Have Increased and Collections Are Slow, Financing Companies Profess Confidence

INSTALMENT selling, magic formula of the newer economics, is now under the strain of its first real test. No business stimulant is dangerous during good times. The only question is what it does to the system during periods of anemia and lassitude. One of those hated interludes is now upon us and it is working out the answer to instalment selling. One does not need a briar pipe and Sherlock Holmes cap to deduce that this indicates the instalment situation is pretty uncertain.

Indications are that the instalment device is under considerable strain but no evidence of a serious break appears. A desire to wait until the depression is over is preventing instalment companies from giving out facts and comparative percentages. They seek to satisfy the inquisitive with generalities that do not glitter: "Sales have fallen off some. Collection of instalments due is a little more difficult and costly. Natural to a period when business is running in low gear. Nothing to worry about."

More Cars Coming Back

The persistent seeker can corral enough fugitive truths to give a fairly accurate idea of what is taking place. Automobiles comprise about 52% of the entire instalment business. At a recent bridge party an official of a large concern which finances part-payment purchases had this to say:

"Repossessions of cars from owners unable to meet payments have been very bad. Dealers are hard hit. Many of them are going broke."

Repossession is the last thing such a concern wants. Used cars are the nightmare of the industry and none are taken back until the last hope for payment has faded. As usual it is the little fellow, the dealer, who must take the blow.

Figures Tell the Story

Annual credit extension for instalment purchases of motor cars is $2,300,000,000—four times as much as on household furniture, next largest item. Department of Commerce figures for the first two months of 1930 give some idea of what is happening. They cover operations of 423 automobile financing concerns, including the big four—General Motors Acceptance Corporation, the Commercial Credit Company, Commercial Investment Trust, and Universal. Reporting concerns do the bulk of the business. The figures reveal that fewer new cars were financed during January and February 1930 than in 1929, that there was a corresponding increase in the same period of used cars financed. Thus:

	New Cars Financed	*Used Cars Financed*
Jan. and Feb., 1929	180,995	160,577
Jan. and Feb., 1930	169,670	173,854

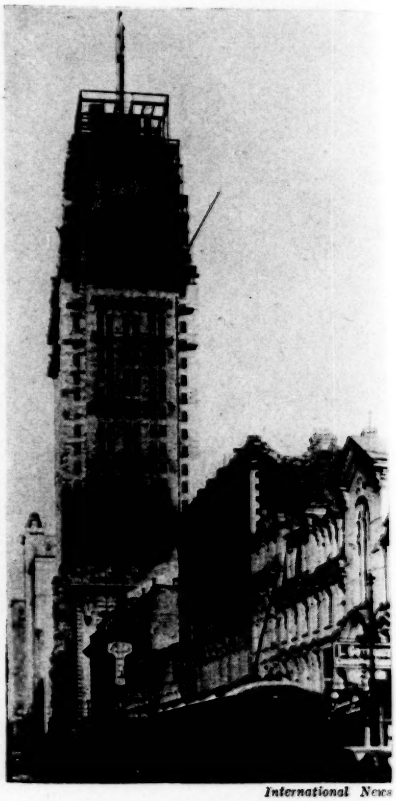
The total of all cars financed (including unclassified) was 356,321 for the corresponding period in 1929, and 354,410 for 1930, volume in dollars, $162,163,022 in 1929, and $154,678,794 in 1930.

In the case of furniture, repossessions are serious. A New York court to which large instalment houses bring repossession suits reports a 25% increase in these actions over the same period last year. One expert declares that if this is typical it is "disastrous." Apparently it is not typical, since there are few signs of distress among the big retailers.

Easing Up on Terms

What is true of automobiles and furniture is true in varying degrees of radios, washing machines, sweepers, and the other thousand-and-one commodities marketed on the part-payment plan. In the case of electrical supplies, the public utility companies are, in some instances, seeking to speed sales by reducing the down-payment and extending the time allowed for instalments. One company is passing out electric refrigerators costing $200 or $300 for a down payment of only $10. But, while strongly financed organizations marketing power and interested principally in extending the use of electricity can get away with this, such rates may easily be fatal to the small competing dealer.

A tremendous increase in small loans to consumers has paralleled the development of instalment selling. Small loan companies say their present losses are small but collections are slower and more costly.



International News

TALLEST IN EMPIRE

The sun which never sets on the British Empire will soon gild the top of Toronto's newest tower. Its 34 stories are more reminiscent of the States than the old country

Milan V. Ayres, who has made the only complete survey of the instalment problem, sees no reason for fear. He points out that 64 companies financing instalment sales went through the panic of 1920-1921 and that there is no record of a failure. Also that 52 new and successful companies were organized during the depression at a time when "capital was profoundly discouraged."

Using 1919 as the average, payroll touched 130 at the crest of the boom in 1920 and slipped to 80 in 1921. Employment did not rise so high but it too dropped to 80. No such condition is now evident. Government figures showed that on April 1 employment was 92.7 of the same period last year, and wages 89.1.

Germany, Too, Wants To Travel Faster

GERMANY is speeding up train service. After May 15, running time between Berlin and Moscow will be cut from 47 to 38¾ hours; from Paris to Hamburg, and from Paris to Berlin, there will be a cut of 85 minutes.

Farm Board Plays Market; Wins $18 Millions From Shorts

THE special feature of the agricultural show this week was the Farm Board in the unprecedented and nerve-racking act of gathering in about $18 millions worth of cotton from melancholy shorts on May contracts. This is probably the largest amount of money ever involved in a single transfer of ownership of cotton.

A single New York brokerage firm, Harriss & Vose, representing the cotton growers' cooperative associations in the South, and acting under the guiding hand of the Farm Board, carried off this deal when it received and took up notices for delivery of about 250,000 bales of cotton against May contracts on the New York and New Orleans cotton exchanges. The reasons for this unkind act were briefly noted in *The Business Week* of April 23.

Runs Price Up 2 Cents

The Farm Board's support of the co-ops in squeezing May cotton out of the market boosted May prices about 2 cents in the past week, and put May, as well as July, cotton at a premium over the new crop. In this way the co-ops, that is the Farm Board, have probably been able to cover most of their losses involved in loaning farmers about 16 cents a pound on their cotton in the good old days before the great drop in prices occurred.

The same operation will be repeated on July contracts, and in this way the Farm Board expects to take out of the market and store at least half a million bales of cotton to make way for the new crop. Of course, it will have to sell it some time, but along with cotton it holds daily prayers for acreage reduction, drouth, and weevil to cut the new crop.

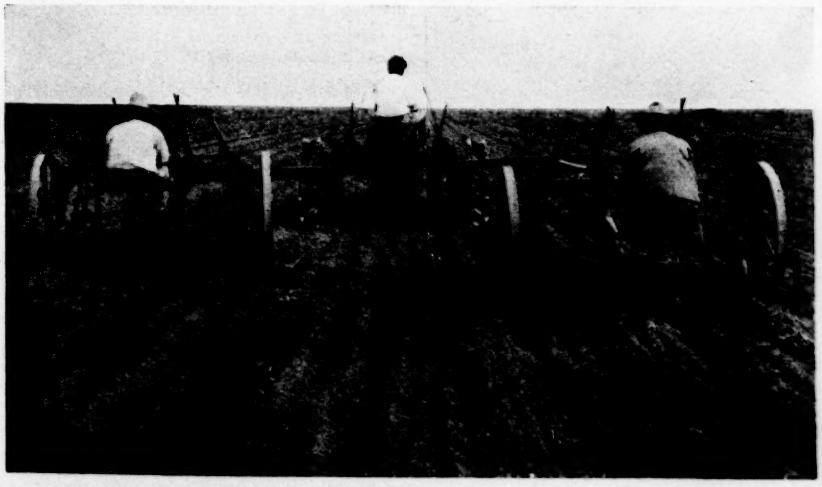
Acreage Little Smaller

Results so far have not been startling, judging by fragmentary information available. The Fairchild cotton service forecasts a cotton acreage only 2.6% below that on July 1 last year. Other southern estimates indicate the probability of a fairly good crop.

There is little evidence, too, of any marked reduction in spring wheat acreage, and weather conditions have so far improved that output estimates are being raised and prices have continued weak.

George S. Milnor has succeeded W. G. Kellogg as head of the Farmers National Grain Corporation and the Grain Stabilization Corporation. The Northwest Grain Corporation, district agency of these Farm Board organizations, has signed up 100 local cooperative groups, assuring a volume of business representing over 10% of the Northwestern states' probable wheat crop. A merger with Farmers' Union Terminal Association, to cover 100 million bushels is rumored.

The main question now is storage space to carry the large surplus of the old crop and make room for the new.



CULTIVATING COTTON—NEW STYLE
Six rows at a time are cultivated on this modern "ranch." Machinery and Mexican labor keep production costs down

All of this looks so good to other agricultural countries that more of them are thinking of trying the same thing. Uruguay has under consideration a plan for the government to buy the surplus production of corn during the next 5 years, dumping it abroad at lower prices in order to raise prices at home.

Some idea of how costly this sort of thing is can be gained from late information about the Brazilian coffee valorization scheme, just issued in connection with the current effort to float a $100-million loan to the state of Sao Paulo to help out the Coffee Institute. This will be the second loan that has been necessary to carry this scheme along. Like the others, judging by the terms, it ought to be safe enough; but the Brazilian coffee farmer has had to pay through the nose for it. The burden it places on him puts every McNary-Haugen equalization fee proposal in the shade.

The Costs Pile Up

All the unsold interior coffee stocks in Sao Paulo are pledged to the bankers as security for an advance of about $5 a bag. To provide service on this loan, each bag is taxed 73 cents. This is in addition to a previous tax of about 63 cents a bag, which guarantees a previous loan made in 1924 by European bankers, and one of almost a dollar a bag as a result of a still earlier state loan of 1908. And, finally, there is an 11% ad valorem export duty. Adding the usual marketing charges, it is estimated that before the coffee reaches New York it carries charges of almost 5 cents a pound. Since coffee is not selling now at more than 13 cents on the average, and can probably not be produced for less than 8 cents a pound, it is hard to see how the farmer has been greatly benefited by all of this price-fixing machinery.

Panama-Pacific Ships Seek Fruit Business

PANAMA-PACIFIC LINE, operating three large motor liners between Los Angeles and New York via the Panama Canal, hopes soon to compete with transcontinental railroads in moving perishable fruits and vegetables.

Water rates to New York, including trucking to Los Angeles harbor, are about one-third less than rail rates. Delivery can be made on the fourteenth morning; rail shipments take from eight to eleven days.

Transportation of perishable fruits and vegetables is a source of large reve-

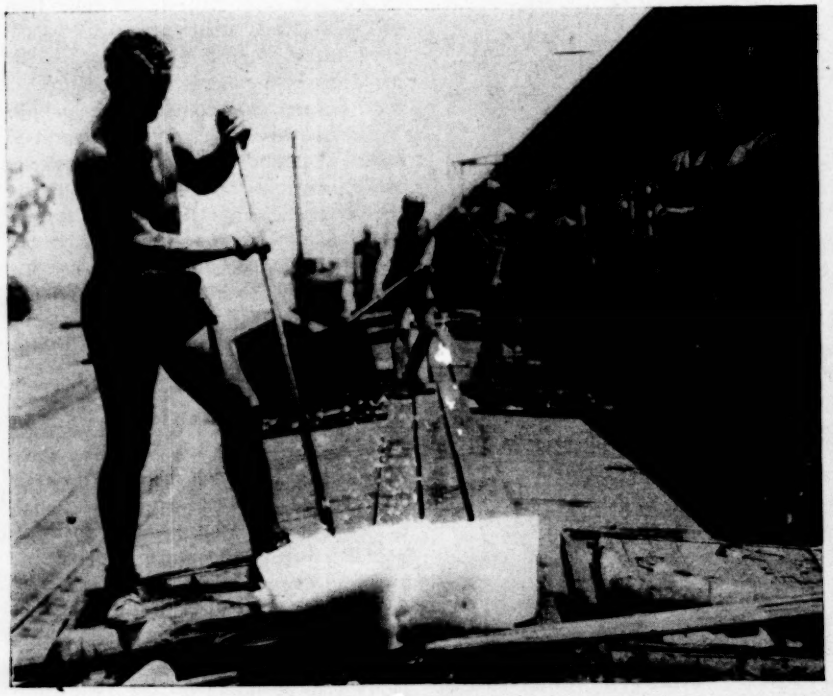
nue to transcontinental railroads. During 1929, 300,000 cars were shipped east from California; Oregon and Arizona also shipped heavily. These three states yield 90% of all the grapes raised in the United States, 60% of the cantaloupes, 70% of the lettuce, 62% of the citrus fruits, 50% of the pears.

Each summer the railroads perform a seeming miracle in moving these crops. Pacific Fruit Express, operated jointly by Southern Pacific and Union Pacific, has 45,000 refrigerated cars which can be concentrated in various localities as successive crops mature. On the peak day of the 1928 season, the Southern Pacific yards at Roseville, Calif., moved 111 trains totalling 6,282 cars.

600 Melon Cars Daily

Preparations are now being made in the Imperial Valley to handle 20,000 cars of cantaloupes in the next two months. The first shipment was scheduled for about May 5; the height of the season will extend for the six weeks after May 15. From 3,000 to 4,000 cars will be held on sidings, ready to respond immediately to shippers' demands. Peak days will call for the icing, loading, re-icing and dispatching of 600 cars.

Watermelons follow cantaloupe, and grapes will start in June to run until December with 28 full trains daily.



FRESH CANTALOUPES—ON ICE

Icing cantaloupe cars for the race across the desert to Eastern markets is hot and heavy work. This crew at Brawley, in the Imperial Valley, is composed of college football players getting a summer workout

One Wing of Hosiery Industry Advances; Other Stops to Fight

OVER-PRODUCTION continues to play havoc with hosiery prices. Eastertide efforts of silk hosiery mills to unload surplus stocks of first-quality goods proved of no avail, in spite of offerings at extremely low prices.

Last November, the National Association of Hosiery and Underwear Manufacturers warned the full-fashioned branch of the industry to cut inventory and reduce operating schedules for the first quarter of 1930. But during November, December, and January 1,271,301 dozen pairs of hose were produced in excess of sales. In January alone, production of women's hose exceeded orders by nearly 600,000 pairs. The Philadelphia district at that time reported a 28.6% sales decline as against a 4.6% increase in output.

Smaller Mills Busiest

The busier mills in this Philadelphia district, according to statements made by executives of certain large establishments, are the smaller ones—notably plants which first got into production last year. Simultaneously, practically all large plants are in need of business. This state of affairs has developed a unique system of selling. Working agreements have been made by several large Philadelphia manufacturers with smaller ones lacking efficient selling organizations, whereby the former have taken over the smaller mills' output, distributing several times the amounts of their own production.

In early March, with hosiery prices being slashed right and left, knitters' indebtedness piling up, and a tremendous amount of distress merchandise being thrown upon an already demoralized market, the full-fashioned manufacturers took the first definite steps to work out a cooperative solution of their problem. Three representative manufacturers—Ferdinand Thun, president of Berkshire Knitting Mills, Reading, Pa., William Meyer, president of Apex Hosiery Company, Philadelphia, and Max Freschl, vice-president of Holeproof Hosiery, Milwaukee—comprised a committee which met on March 12 with five representatives of the Department of Commerce.

This committee recommended the formation of an organization of the full-fashioned industry as a branch of the National Association of Hosiery and Underwear Manufacturers. Each firm joining would agree to pay an assessment equivalent to $4 monthly for each footer ready for or now in operation. Regional groups were to be set up. The new organization was to work out standard specifications, plan a sales promotion campaign, tackle trade abuses and attempt to curtail production.

Don't Like Set-up

The set-up has met with considerable opposition. Manufacturers in Reading and Philadelphia dislike the idea of having the proposed group function as a division of any organization. Others object to the proposed assessment.

While full-fashioned fights the battle within its own ranks, spiral knit hosiery has spurted ahead in its most important development of years. Eleven manufacturers, one Canadian, ten American, equipped with machines invented only 18 months ago, recently organized the Hosiery Guild, Inc., for joint promotion and advertising of their new process products. This movement has precipitated seamless manufacturers into competition with full-fashioned mills.

The seamless mills have recently seen

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It is built by Burroughs, backed by the standard Burroughs guarantee and serviced by Burroughs worldwide factory-trained, factory-controlled organization. And yet the price is surprisingly low.

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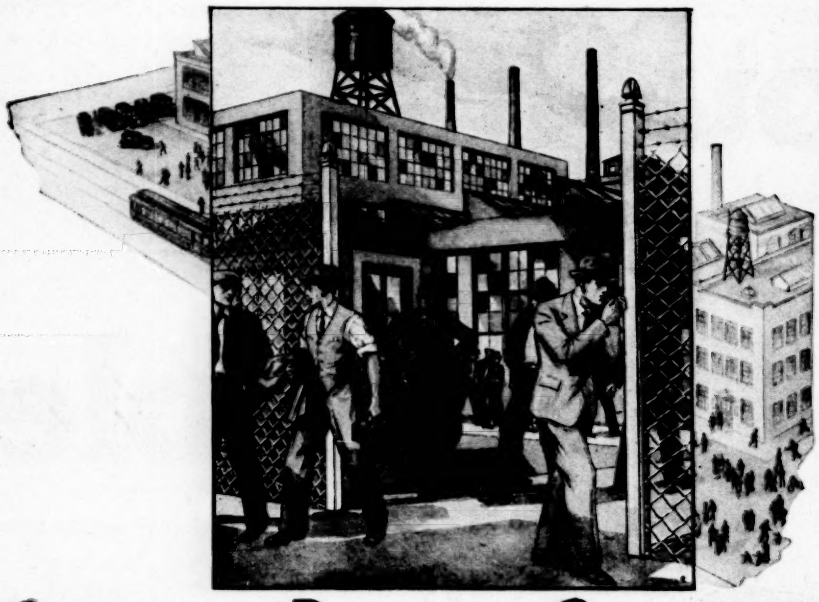

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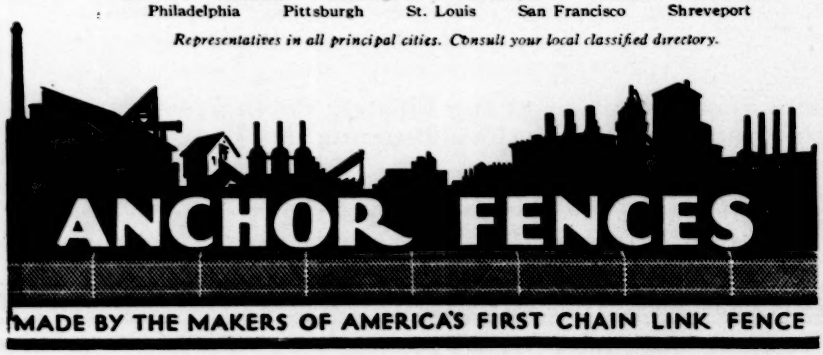

MADE BY THE MAKERS OF AMERICA'S FIRST CHAIN LINK FENCE

some rather lean years. Since the World War full-fashioned hosiery has made tremendous inroads on seamless. From an annual production of 6,000,000 dozen pairs of women's full-fashioned silk hose 10 years ago, output has jumped to last year's figure of 21,000,000—approximately 10 times the number of seamless manufactured in 1929. The latter industry, however, has always maintained a stronghold in men's and children's hosiery.

Problems Now Solved

Until about 18 months ago, according to Harry L. Kinne, managing director of the Hosiery Guild, two major difficulties beset the seamless industry. By the old process, the stocking came off the machine utterly unshaped from top to toe. Shape was then pressed in by steam, but disappeared with the first washing. Again, only a comparatively coarse fabric could be knitted on the old machines. Hence spiral-knit stockings found their way into a cheap market, where $1 was a good price.

The new process overcomes these difficulties and is said to be faster and cheaper than that employed in the full-fashioned article and the Hosiery Guild, Inc. commenced extensive trade paper advertising January 1. First consumer advertising in women's magazines was scheduled for April. The hallmark "Guildmode" is placed upon all products of guild members which meet certain quality specifications in an effort to set apart Guild merchandise from all cheaper hosiery in the same field.

Guessing Spring Styles

Meanwhile, the new femininity in women's dress this spring has sent hosiery stylists into fresh flurries of excitement. Stockings of lustreless, crepey texture are rapidly attaining vogue. A new "inside out" hose—finished exactly the same on both sides—has been introduced with moderate success. "Bare leg" hose promise well for the summer trade. Pastel shades in hosiery are becoming increasingly popular with the season's accentuation of costume daintiness. It was predicted that longer skirts would again bring into popularity lisle-topped hosiery, but, as yet, there is no evidence of such a renascence.

Significant of a definite upward quality trend is the formation of a Bureau of Standards for hosiery. A practical research program of far-reaching import will be undertaken by the National Association of Hosiery and Underwear Manufacturers in cooperation with the Bureau of Standards.

Russia Curtails U. S. Orders, Says Stiff Credit Is Cause

Close Observers See Business Swinging Toward Germany and Great Britain in Last Two Months

SOVIET-AMERICAN trade figures for the first half of the Soviet fiscal year (October-March) show total volume reached $98 millions—a new half-year record. Exports to Russia were $77 millions, surpassed by $31 millions, the figure for the first half of last year. Large Soviet orders have kept many United States factories busy this winter *(The Business Week,* Feb. 19).

Great Britain completed the new trade agreement with the Soviet April 16 April 19, the Labor government announced a guarantee of $150 millions in credits for business with the Soviets in the next two years. Almost simultaneously, Arcos, the Soviet trading corporation in London, announced a $15-million deal with Brunner, Mond & Co., Ltd., for fertilizers; a $10-million contract with the Vickers Electric Corporation for "technical aid" and hydro-electric machinery. Tractor orders are pending with Vickers-Armstrong, Ltd., and big new orders for textile machinery from other English companies. Last year Britain sold only $19 millions to Russia. Shrewd observers see a changing trend in Britain's potent comeback.

Tool Men Concerned

Cause of immediate worry to the machine tool industry are the inroads made by German manufacturers. One American manufacturer who has sold to the Soviets more than $1 million in machine tools in the last six years, tells *The Business Week* that German manufacturers' bids are 30% to 40% below American prices, with a minimum of 18 months credit. For several years Germany has been Russia's largest customer. Soviet-German trade last year passed $202 millions, of which exports to Russia were $95 millions.

One thing stands in the way of larger orders in the United States—credit. Soviet-American trade last year totaled $109 millions, 80% of which was United States manufactures bound for Russia. In many cases credits have been granted, particularly by large companies and always at their own risk.

Conservative Washington advises trade only on a strict cash, or near-cash, basis. General Electric—powerful, independent—has orders worth $26 millions and is filling them on a 5-year credit basis. Ford is selling the Soviet $30 millions in material over a 9-year period with payments along the way. Nearly all of the heavy tractor orders from International Harvester, Allis-Chalmers, and Caterpillar are on a credit

Pacific & Atlantic

BOGDANOV OF AMTORG

"If the door of the Soviet market is to be opened to American manufacturers, the American money market must be opened to the Soviet Union"

basis up to three years. Link-Belt is reported to have made a recent $136,000-sale on 24 months credit. Up to October 1, 1929, 200 firms had voluntarily granted credit up to one year; 12 firms for over 3 years, and up to 5. Washington unofficially told the National Metal Trades Association in convention April 17 to get at least 75% cash on all Soviet orders.

At the Russian-American Chamber of Commerce meeting in Cleveland, Peter A. Bogdanov, chairman of the Amtorg Trading Corporation, said:

"If the door to the Soviet market is to be opened wide to American manufacturers, the American money market must be opened to the Soviet Union. While we already receive fairly substantial credits in this country, a further rapid growth in our purchases of American products must be based upon a betterment of the credit facilities and upon normal discounting of our acceptances by banks."

32 Germans Compete

Another observation by the machine tool manufacturer will interest business. Germany has 32 large machine tool manufacturers who have agreed to fill Russian orders on an 18-month credit basis. Because much of their machinery is satisfactory in design and quality, because transportation costs are obviously less, and because prices are low, they are getting business away from us. Of potential orders for general plant equipment totaling $100 millions, he reports that since March 1 as much as $60 millions, which might have come to the United States, have gone instead to England and Germany.

As a credit risk, Russia has been a problem to the American business man. Without diplomatic relations business is without benefit of first-hand surveys by the Bureau of Foreign and Domestic Commerce. Reports from Russia itself conflict. The ruble has never been stabilized and many do not realize that Russia pays in gold on a painfully maintained export surplus.

Plan Begins to Function

Many still do not realize that Russia's Five-Year Plan has gone far enough to be returning a profit (coal production in January 1930 was 76% above the record prewar 1913 level; oil, 61% above 1913. Even steel gained 37%; power production in the public utliities is now four times greater than in 1913.)

More significant to home industry are April 1 trade figures. Ohio has received, since October 1, orders valued at $6 millions. Orders last year totaled $8 millions. Illinois is also favored. Last year, orders totaled $18 millions; for the first six months of this year, $8 millions.

Soviet orders placed abroad in the third quarter of their fiscal year (April-June) will prove the trend which some believe changed its course after March 1. They may show increased purchases in Berlin and London; fewer in New York. Credit policy and the general attitude of world business toward Russia will be important factors.

"IT CAN'T BE DONE"

Not so long ago a woodworker conceived the idea of a machine for cutting finished moulding from raw lumber in a single operation. Its commercial success depended upon securing a high-speed motor capable of driving cutting tools through hardwood with the nicety of a sculptor's chisel—and without splitting or gouging the wood. Without going into technicalities, such a motor presented many difficulties—so many that the inventor was repeatedly told, "It can't be done." Then he came to Robbins & Myers. It was a small job, one that would never mean much volume, but it was a challenge! We marshaled our experience, applied our ingenuity and proceeded to build a new motor from the base up—so successfully that today the cost of producing moulding has been almost cut in half, while we have gained new knowledge from which many industries may profit.

If you have a problem in electrical-motored machinery, come to Robbins & Myers. We offer you the facilities of a completely modern plant, and the experience of 32 years' precision manufacture in designing, building and applying electric motors, generators, fans, and electrical appliances

Robbins & Myers, Inc.

Springfield, Ohio **Brantford, Ontario**

1878 **1930**

MOTORS, FANS, HAND AND ELECTRIC HOISTS AND CRANES

All The World Chases Trade

All the world is after foreign markets. The British Empire will hold family discussions in London in May. Each member wants a little more attention from the others and none will be bashful in asking favors from members of the family.

Independently, Canada is foraging for new markets. Two commercial missions have been organized by the Canadian Chamber of Commerce. The first will leave Vancouver in October to make new business friends in Japan and China. Canada already has 10 Canadian Government Trade Commissions permanently located in the market centers of the Far East. The second group seeks Latin American outlets, will leave Montreal early next year and be in Buenos Aires during the British Empire exhibition which is to be held there.

France has as aggressive plans. Two groups of industrialists, representing the ceramic and hosiery industries, are in the United States now studying manufacturing methods. In August, financial and industrial leaders will come to this country, will tour the manufacturing centers as Ambassador Edge has done in France. A similar group will visit the Argentine.

Russia's New Trade Pact With Britain One of Many

Russia's new trade agreement with Great Britain renews on a sounder basis the Soviets' trade recognition with their second largest foreign customer, pending since the break with the old Baldwin government. Ireland and South Africa refused to join in the pact.

The Soviets are slowly building up relations with the rest of the world. There are at present 18 Russian embassies abroad with reciprocal establishments in Moscow. Eighty consuls—15 in China and 13 in Persia—handle the Soviet relations in foreign business centers, while 75 foreign consuls—18 from Persia, 13 from China—are located in important trading cities in Russia. There are 27 organizations handling foreign trade in various countries for the Soviets.

Britain, as second customer, carried on trade valued at $120 millions, 19% of this amount representing British sales to the Soviets. Germany established a trade agreement with Moscow as long ago as December, 1928.

Eaton Fights On Two Fronts

THE promised battle over the Bethlehem–Sheet & Tube merger is under way. Two actions have been started by Cyrus Eaton's supporters. A suit in the Court of Common Pleas of Youngstown seeks to have the merger set aside on the basis of fraud and illegal voting. An appeal has been made to the Federal Trade Commission for an investigation to determine if the merger is not a violation of the Clayton anti-trust law.

E. S. Wertz, Sheet & Tube stockholder and former Cleveland district attorney, charges that U. S. Steel Corp. cooperated with Bethlehem in bringing about the merger. He says that 12 leading financiers dominate both U. S. Steel and Bethlehem. The men he names are T. W. Lamont, J. P. Morgan, J. S. Morgan, Myron C. Taylor, George F. Baker, George F. Baker, Jr., Thomas Cochran, William Ewing, Eugene Grace, W. C. Potter, G. M. P. Murphy, and H. G. Dalton.

Voting Rights Questioned

The Ohio petition was filed by Myron C. Wick, secretary of the committee opposed to the merger, and International Share Corp., an Eaton finance company. The petition alleges voting proxies of stock which changed hands between the date the books closed and the day of the vote was illegal.

Interests associated with Eaton owned over a third of Sheet & Tube stock on the day of the vote—enough to halt the merger if its owners could have voted it. Much of this stock had been purchased after the corporation's books were closed and proxies for the stock were entered in favor of the merger. The voting rights of shares which change hands between a date of record and a stockholders' meeting have never been fully defined in Ohio and the Eaton interests are hoping that the court will decide that such stock should not have been voted. This will defeat the merger and make unnecessary the pressing of other suits.

Whole Case Abandoned

THE Federal Trade Commission has dropped all of its charges against Aluminum Company of America. Its dismissal of part of the complaint was reported in *The Business Week*, April 23. The commission has now dismissed all the rest of the charges.

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If you live . . . it pays you $10,000, or the face value of your policy, at age 65. This plan establishes a capital quietly accumulated during your productive years to take care of you in your old age.

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If you become totally and permanently disabled . . . before age 60—you, yourself, will receive $100 per month and will be relieved of paying any further premiums, while such disability lasts. Moreover you will receive the regular annual dividend. In addition to these benefits your policy will be paid in full at your death; or if you are living at age 65 the $10,000 cash will be paid you as described above, and the disability income will continue so long as you remain totally disabled.

NOW . . . *while you are insurable*

and can spare the money, let us tell you how small a yearly saving will put this Thrift Policy into action for the comfort of your old age — or for your family's comfort if you die. Just fill in the information called for on the blank below and mail it to us and we will send you full particulars without delay.

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Two booklets worth reading! "How to Use Photographs in Your Business"—*and* "The 4000-Mile Lens" *describing how to get distant photographs by wire through our unique service. For a free copy of both booklets, address Photographers' Association of America, 2258 Euclid Avenue, Cleveland, Ohio.*

Even the most prosaic of products acquires an added appeal when deftly photographed. Yet such a photograph loses none of its realism, its power to inspire confidence. A drawing may be doubted or discounted. A *photograph* wins respect. No matter what or where you sell, you can sell *more* with the cooperation of the camera. Call in a commercial photographer to help you capitalize on this universal faith in photographs.

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PHOTOGRAPHS tell the Truth

Farm and City Draw Together

The greatest movements of population which history records—the great sweep of the Tartar tribes of Asia eastward and the vast wave of migration of northern peoples which swept down over the Roman Empire—seem to be insignificant compared with the population movements that have gone on in the United States in the past 10 or 20 years. The Department of Agriculture, in publishing its latest estimates of the movement to and from farms, gives a surprising picture of this tremendous stirring up of the American people.

30 Millions Involved

Since 1910, according to the estimates of the department, the movement between farm and city has involved a total of at least 30 million people, or a quarter of the entire population, counting the flow both ways. The entire natural increase of the farm population since 1910, amounting to 7 or 8 millions, has gone from farms to cities; and, in addition, at least 5 millions more. On the other hand, there has been a constant return movement to farms from cities, amounting during the last 10 years to at least a million persons a year.

This tremendous human turnover has tended to diminish since 1926. The total movement from farms to towns and cities in 1929 was 1,876,000; in 1928, 1,923,000; in 1927, 1,978,000; and in 1926, 2,135,000. The movement back to farms from towns and cities was smaller in 1929 than in 1927 or 1928.

Characters Merging

In presenting these estimates, the department makes some interesting reflections upon their significance. On the basis of a sample study of 45,000 farm families in 1920, it says that 10% of all persons living on farms who were working for a living were employed in non-agricultural occupations. This means that there is a population of at least 2 millions living all the time on farms and yet building up occupational ties with city life and city industry before they finally break away from the farm altogether.

This vast movement of our population between farm and city is elastic, responding quickly to changing conditions, and establishes a kind of melting pot in which the qualities and characteristics of the rural and urban population are gradually becoming merged.

Vast Farm Acreage Seeks Men Able to Operate on Big Scale

Questionnaire by *The Business Week* Shows Expert Managers Are Offered More Land Than They Can Handle

SCIENTIFIC management is agriculture's hope.

This is the conclusion of *The Business Week* after digesting written opinions of 71 large-scale farmers whose operations total a million acres. First results of this national survey of big farming were published April 23.

In agriculture, as in business, enterprise sometimes seeks management in vain. The big farm operators were asked, "Is more land being offered you to manage? If so, how much?" Replies are significant:

"Plenty."

"Acres and acres and acres."

"More than I could handle."

"We could treble our acreage."

"About 50,000 acres"—this from a Michigan manager of 2,500 acres.

Is there not a familiar ring in the concluding sentence of the following remarks by H. C. Gardiner, sheep man and operator of irrigated land, Anaconda, Mont.:

Trained Men Lacking

"Agricultural education has not as yet contributed men capable of undertaking the kind of work that trained engineers and industrialists undertake. I know of one circumstance which illustrates this. Three remarkable livestock properties now in estates as a result of death or incapacity of owners could be combined to wonderful advantage and, if proper and competent supervision could be secured, could be financed. Three men of wide acquaintance in several Western states, and of extensive connections in agricultural enterprises, decided not to undertake this job, because none knew where intelligent executive agricultural talent could be secured."

T. B. McCulloch, of St. Cloud, Minnesota, 25 farms, 7,000 acres (which he says is more than one man can manage efficiently) remarks: "We are unable to find co-operators, tenants, or managers who are properly qualified to produce crops and care for livestock so as to get more than 60% of the returns which the soil is qualified to produce."

Whatever may be the present shortcomings of farm management—and management in business has plenty of shortcomings, too—large-scale farming is definitely on the increase. While rate of return on capital invested, even under ablest management, is bound to be moderate, it gives promise of being steady and, over a period of years, fairly satisfactory.

Capital Is Available

Big farming will not suffer from lack of capital. Small farming, in spite of its hazards and poor rate of return, never has to any great extent. There are always those who will invest millions, if land, the enduring asset of the ages, is the security behind the loans. Certainly land used in big, well-managed farm operations is more attractive security for loans than assorted small properties with assorted management, good, fair, or poor. Investors will pay more attention to management in the future than they have in the past.

Research is needed, not only to make large-scale farming more effective, but also to develop new uses for agricultural products and by-products—the new industries, mainly chemical, that will give double relief: first, by utilizing agriculture's products and by-products; second, by putting to work the farm population replaced by machinery.

Charles W. Clark, manager of 3 corporation-owned farms, 3,000 acres, Clarksdale, Miss., emphasizes the need: "In the past, and now, the poor quality of research work done in American agriculture has been a heavy handicap to its development. Here in the cotton belt, scientific problems have been met by being ignored. Quack farm papers and an ignorant press have shouted 'diversification' for nearly a century, a vicious practice which merely states the problem and offers no solution. Scientific agencies charged with duties of solving these problems are wholly inadequate to the task. At present I see little hope of improvement."

Lower Prices Expected

Big farmers look for further progress in cost-cutting. The majority say scientific agriculture will be able to keep pace with declining prices. Things *not* said are especially significant. There is surprisingly little inclination to deny that prices will decline. Not a single one of the 71 states that he is looking to the Farm Board to prevent declines.

D. H. Doane, farmer of 80,000 acres, says emphatically scientific management can cut costs. He has records to prove wheat can be grown for 50 cents a

THE WHY OF WORLD SURPLUS

A special power rig breaks new ground on El Tejon Hacienda (9000 acres) in northern Mexico, just south of Rio Grande river. The hacienda has its own school, for children in the daytime, for workmen at night. Thousands of fertile acres in northern Mexico are yet to be broken by plow

COSTS REDUCED

READ what one big Ironing Machine manufacturer says about pressed steel.

"Well satisfied . . . lightness, a decided advantage . . . has everything desired in strength and durability . . . greatly facilitates our assembly work . . . enabled us to reduce production costs . . . gives us a superior type of machine."

Many manufacturers . . . in different industries . . . have found equally startling advantages in the use of Pressed Steel. Eighteen examples will be found in the book, "Adventures in Redesign," showing how . . . weight has been reduced . . . breakage eliminated . . . strength increased . . . assembling simplified . . . eye value added . . . and new markets opened up with Pressed Steel.

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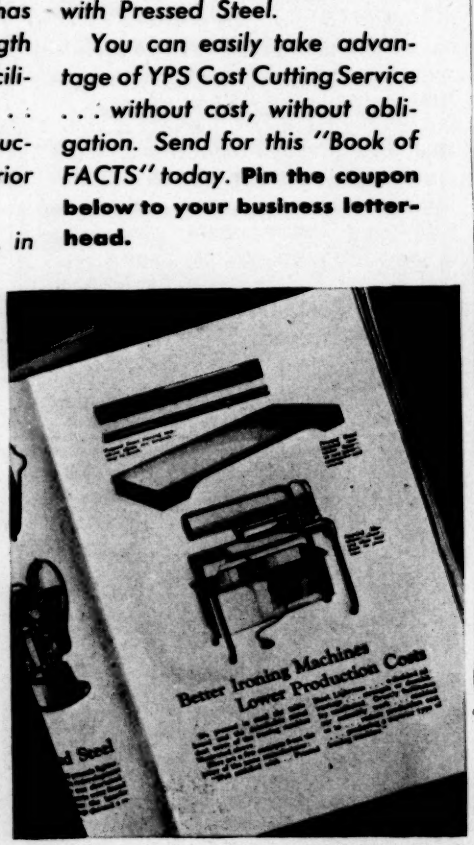

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bushel, on land giving only moderate yield.

There is encouragingly little inclination among big farmers to rely on low wages or forced sale prices for land.

"Low wages are not a factor as much as increased production per man unit."

"Some high-priced land is really the best paying because of location, improvements, natural fertility and ease with which it can be worked."

"Low-priced land is not the cheapest. Low wages are not necessary to high returns. Ours is a machine proposition. It requires a high type of labor which cannot be had at a low wage."

Farming corporations, such as those now being promoted in Kansas, which take land in return for common stock, amount to but little as yet. Few have heard of them. Several remark that, if properly organized and wisely administered, they might work out all right. Others are skeptical.

Futures Trading Sells 21,310 Hogs in 7 Weeks

"HOG futures trading is developing faster than we had anticipated," Thomas W. Jerrems, manager of the Chicago Livestock Exchange's new hog futures market tells *The Business Week*.

Up to April 18, close of the seventh week in operation, 296 carloads, 21,310 hogs, 4,844,000 pounds, had been sold. Most sales to date have been for April, May, June and September deliveries. The first September price was $12 per hundred, $1 above current prices at the time. The last September price was $10.45, only 10-15c above current prices.

Standard quality, uniform and dependable, is being stressed by the futures market. Effort is being made to push the above-standard grades. "Fancy" hogs bring a premium of 10c per hundred. These hogs are more profitable to the packer and farmer alike.

War on Wheat Pest Saves 6 Million Bushels

THE annual wheat loss caused by stem rust has been cut 6,000,000 bushels in 12 years of work against the barberry bush, says the 1929 report of the barberry eradication campaign in Minnesota issued by Leonard W. Melander, state leader.

From 1915 to 1921, the average annual loss from stem rust in Minnesota was 9,000,000 bushels.

George Eastman's Kodak Makes Him Look Like a Chemist

So the American Chemical Institute's Medal Will Go to Chemistry's Most Notable Layman

THE American Chemical Institute, on May 9, will pin a medal on George Eastman, the *deus ex machina* behind the moving pictures and millions of clicking camera shutters all over the world, for his achievements in the field of chemical research, and the application of chemistry to industry.

Curiously enough, although many, perhaps most, of the manufacturing and production problems which he has had to solve have been chemical problems, George Eastman has never been a chemist. He has, however, been a bank clerk, an inventor, a business man, a manufacturer, a big-game hunter, and has some slight claim to philological renown for adding the word "kodak" to the English language. He probably deserves his medal as a sort of lay scientist who has inspired many important discoveries in chemistry, who does everything by an exact and scientific method, and who has always displayed an uncanny ability to select men to find out what he wanted to know.

500 Scientists on Job

Five hundred such men, all professional scientists, now swarm busily about a 10-story building in the Eastman plant at Rochester, New York, learning the various and innumerable questions that crop up in as varied a business as the universe provides—one that deals with paper, celluloid, wood, leather, glass, steel, lacquers, enamels, chemicals.

George Eastman was born with a silver spoon in his mouth, but a cruel fate snatched it away in childhood, when his father, pioneer operator of stenographic schools, lost both life and fortune. Leaving high school to support his mother, young George Eastman kept an eye open for one of the traditional opportunities which are always knocking at an American door. He recognized it when someone gave him a clumsy plate-holding camera, together with its clumsier developing tank. The whole constituted a fair load for a mule, and although George Eastman enjoyed taking pictures, he didn't want to be a mule. Moreover, he did not believe that anyone else did. He envisioned a small, compact camera, fed by a sensitized film on a roll, and set to work on one in his mother's kitchen.

He succeeded and started a modest manufacturing plant. He had good sales. Prosperity smiled upon him, when suddenly he discovered a fatal flaw in his formula. He promptly bought back an entire year's product, which took all of his capital, and set to work in the kitchen again. Once more he succeeded, and put a film on the market with a guarantee that had teeth.

Finding that his problems were largely chemical, Eastman hired chemists, and solved everything as it came along. Eventually he had shrunk the mule-load camera to vest pocket size, and in the process had squeezed out a world-wide business and one of the great fortunes of the United States. When his plant in State Street, Rochester, became too small, he built Kodak Park to house his 5,000 employees. When he outgrew that, he built Kodak Park West, costing $10,000,000, and plants in Canada, England, Tennessee.

Originally he made a chemical emulsion to coat glass plates; then he made film; then he made his own tissue paper as raw material for celluloid, and now he makes his own wood pulp and acetate at plants on the watercouses of Tennessee. His corporation payroll is 15,000 persons, of 300 different occupations. The whole organization is pretty much self-contained, with a minimum of dependence upon the outside world, excepting, of course, for sales. However, sales have never given Eastman much trouble. He obtained fine distribution very early in his career, and now kodaks and kodak films can be obtained wherever there is a store.

Wealth Keeps Piling Up

So far as business was concerned, Eastman reached his goal many years ago. But his wealth kept piling up. He gave away $100,000,000, and other millions took their places. He resolved to retire at 50, then at 60, but along came the movies, the color pictures, the talkies, the wide films. So he didn't retire, not even at 70, when he went to Africa to hunt lions. Instead, preparing for emergencies, he organized his

LION HUNTER AT 70

The chairman of the board of Eastman Kodak takes his ease in an African camp. The snapshot is from Mr. Eastman's own collection

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plant to continue with or without him. He nominated and elected a candidate to succeed himself as president, and himself became chairman on the board.

Chemistry Solves Unemployment

One of the non-chemical problems upon which Eastman worked for 30 years, and finally solved, was that of unemployment in the highly seasonal photographic business. As a matter of fact, however, chemistry was at the base of the solution. Eastman tried various expedients without success until his chemists changed film perishable as garden truck into a permanent product, effective a year after manufacture. So at any time it could be made into stock and held for the proper season. Production was thus spread evenly over the year. And there was steady employment for 15,000 workers. An extension of the business in South America, with its January summers, also helped.

Some years ago Eastman began a study of leisure. He determined to find out what his own employees did with their leisure, and when he found out he decided to give them other things to do. He put up a fine motion picture theater with good music, and it was crowded every night. He endowed the University of Rochester, particularly its medical school; he established a school of music, a school of the motion picture, an orchestra. He gave liberally to civic enterprises, to anything which would help people enjoy whatever leisure they could accumulate.

Employees Kept Stock

Then he decided to find out how much money his plant workmen needed to enjoy life. He sold them his stock at 10% of its value, eager to see whether they would misuse the opportunity. The stock was sold on instalments, and just before the certificates matured, outsiders began to sell Eastman stock short, on the theory that the employees would throw it into the market as soon as they got hold of it. But very few employees did so. By the stock subscriptions and a savings plan, Eastman made it possible for a 30-year employee to retire with a life income. Many have retired with as much as $20,000.

Eastman's knack of utilizing men as well as materials is shown by the success with which he took over the men of other companies as well as the companies themselves. The president of the Eastman corporation was once a competitor. So was the general sales manager. So was a plant executive. So were many others.

Having lived a life filled with accomplishment, Eastman yearns for quiet enjoyment during the evening of his years. His estate on Rochester's spacious East Avenue is filled with fine works of art; a $25,000 organ provides the music which the kodak maker loves so well. Throughout is the splendor of an Oriental prince, toned down by a strict conscience, workaday habits and quiet tastes. Aside from the freedom that it gives, Eastman professes to care nothing about money.

"I can live in only a limited number of homes in a year," he says, "and in only one house at a time. I can wear but one suit at a time, ride in only one automobile at a time."

Home Heating Brings Fuel Oil Demand

AFTER sagging for a number of years, the market for fuel oil is now improving steadily, particularly in the United States, consumer of 60% of the world's supply. Reasons: better facilities for cracking heavy oil into gasoline, kerosene, and Diesel oil; increased use of fuel oil in generating power for railroads, steamships, power plants, and factories, and for domestic heating.

March shipments of fuel oil from Los Angeles Harbor, greatest oil-shipping port, totalled 3,895,470 barrels, compared with the 1929 monthly average of 3,406,977 barrels. The March figure does not include Diesel oil (733,346 barrels) nor kerosene distillate (19,134 barrels), both of which are used for fuel. Bulk of Los Angeles fuel oil now goes to other Pacific ports and to the Orient. Until two years ago, heavy shipments went to Atlantic ports and to the east coast of South America; this trade has disappeared almost completely since important petroleum fields in Venezuela began production.

Home heating offers the most rapidly growing market for fuel oil. According to estimates of the California Oil and Gas Association, 15,000,000 barrels were used for residential heating during 1929; 13,967,000 barrels during 1928; only 3,000,000 barrels in 1923. Use of soft coal during 1929 showed practically no increase. In that year 130,000 new oil-burning heating plants were installed in American buildings, bringing the total in use to 500,000. Cost of new installations was $100,000,000. Ease of storage, cleanliness, and automatic control make oil heat popular.

Typewriters for Outer Mongolia

MONGOLIA has become typewriter-conscious and Americans have filled the first order for machines. Five hundred standard typewriters have been shipped by Remington-Rand, are now on their way across Siberia from Moscow to Urga, metropolis of Outer Mongolia. Government business will hereafter be recorded on the typewritten page.

It Reads Vertically

A Mongolian commission in Berlin studying Western culture and business methods, initiated the order some months ago. The Remington-Rand language specialist developed a keyboard on basis of letter frequency, worked out the mechanical difficulties of a language written vertically. The standard keyboard is large enough to carry the seven vowels and their diphthong derivatives, and the 17 consonants, which make up the Mongol alphabet. There are, besides, a number of special signs for punctuation, division of words, and sentences. Paper is inserted from the side rather than from the top with the result that each line is written horizontally with the letters 90 degrees turned. When completed, the page is turned and read vertically.

China has not yet indicated a demand for typewriters but a keyboard has been developed from the new phonetic language and is ready for manufacture whenever the demand arises.

Foreign language difficulties are not uncommon in the typewriter export business. Peculiarities of the European languages were overcome before 1890.

In Arabic Script

In 1898, Remington-Rand offered its first machine in the Arabic script. By making variations of the Arabic letters to meet the requirements of the various vernacular languages of India based on the Arabic, all written from right to left, the company has built up a large trade in these machines in the Near and Far East and in Africa. With Hebrew character keyboards, not radically different, total sales of these machines aggregate more than 25,000, with from 10% to 20% of the Hebrew machines sold in the United States. Siam, also, uses a large number of typewriters, and the Japanese Army, Navy and telegraph services have used typewriters with a simplified phonetic keyboard since 1903.

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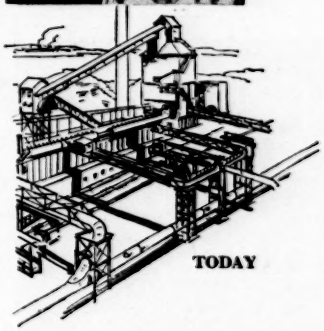

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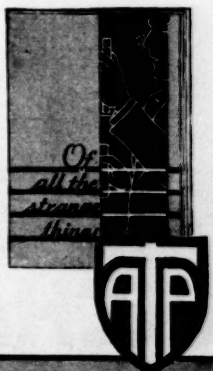

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Census Will Make Congress Less Rural

THE census of population now being taken is not merely for the purpose of counting noses. Its real purpose, according to the Constitution, is one which is not being mentioned very often in Washington these days. Some Congressmen are sensitive on the subject because they are going to lose their jobs. The Constitution directs that a census be taken every 10 years in order to reapportion the membership of the House of Representatives. The last reapportionment was made after the census of 1910.

Yes, there was a census in 1920, but since then the constitutional rule has been consistently ignored and the House of Representatives has continued to represent the population of 1910. Every effort in Congress to pass a reapportionment bill based on the census of 1920 failed up to last year.

Last year, Congress did finally condescend to recognize the Constitution and passed a reapportionment bill which will cost some Representatives their seats. Any further lapses in Congressional respect for the Constitution will be prevented by a provision which authorizes the President to declare a reapportionment after each census if Congress fails to act.

Change Despite States

The changes in the membership of the House will be made by the states themselves through state legislation, but, in case any state fails to act, the new figures will become effective before the second Congress following the reapportionment. That is, the Congressional elections of 1930 will be held on the old basis, but the next following Congress will be a quite different sort of thing.

Under the new reapportionment each Congressman will have to be an intellectual giant representing approximately 280,000 citizens. Since the population of some of the states is considerably below this number and since the law requires each state to have at least one Representative, the reapportionment will affect approximately 430 Representatives.

Only 28 states will be affected by the reapportionment, 16 losing part of their representation and 12 gaining additional numbers. California will gain more than any other state, by 6 new Representatives, while Missouri will be the biggest loser, with 4 less than at the present time. Michigan will gain 4, Ohio 3, Texas 2, New Jersey 2, Arizona, Connecticut, Florida, Montana, Washington, Oklahoma, and North Carolina 1 each. Indiana, Iowa, Kentucky, Mississippi and New York will lose 2 each and Alabama, Kansas, Louisiana, Maine, Massachusetts, Nebraska, North Dakota, Tennessee, Vermont, and Virginia 1 each.

Cities Gain Strength

These changes may seem slight, but they may greatly alter the balance of power in the House as between the agricultural and industrial states. Of the 16 states which will lose representation all but 3 are primarily agricultural. It is probable that the anticipation of these changes has been an important factor behind the pressure for farm relief legislation and higher agricultural tariff in the present Congress. The shift of population to the cities in the past 20 years will make the complexion of future Congresses more industrial and lessen the political strength of agricultural interests in Congress in the future.

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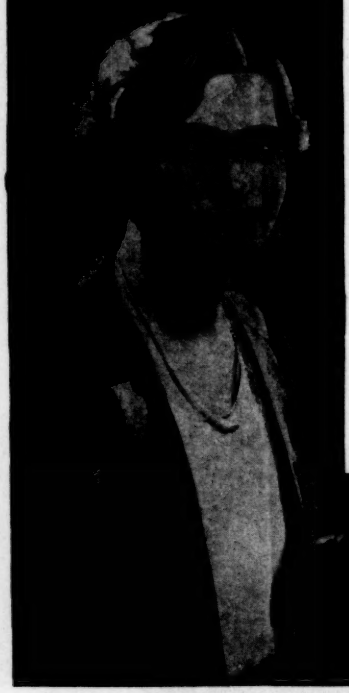

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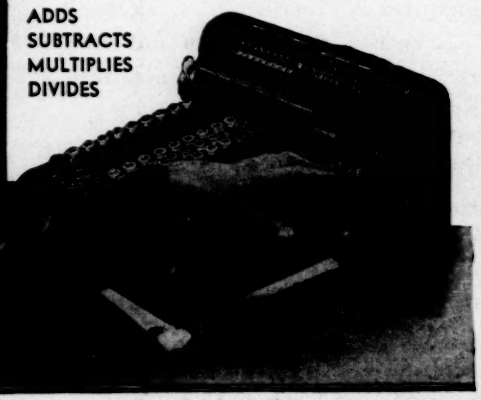

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9-A (3 Wasp Junior engines)	42,000	40,000
11-A (3 Packard Diesel engines)	42,000	40,000
7-AT (1 Wasp engine, 2 Wasp Junior engines)	51,000	47,000

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Wide Reading

AMERICA FIGHTS FOR FOREIGN MARKETS. Ernest V. Gent and Frank Stockbridge. *World's Work*, May. American manufacturers can unite in fixing prices on goods for export and successfully meet European competition.

POTENT LEISURE. Elliott Dunlap Smith. *Survey Graphic*, May. Where standardization has gone far, a man can earn a livelihood at his work, but he can't earn a "living." That must come after hours.

CYRUS EATON, NEW LORD OF STEEL. F. F. Duncan. *Review of Reviews*, May. Personality sketch of a skyrocketing business figure.

OUR SUBSTITUTE LIVES. Katherine Fullerton Gerould. *Harper's*, May. We are overdocile to lowering of standards—in food, clothing, culture. "In the crises of life we need the real thing if we are to be something more than near-heroes."

SCIENCE AND THE MONEY-MINDED. T. Swann Harding. *Atlantic*, May. The world gets only a small portion of the discoveries of science because scientists are more idealists than practical business men.

THE GATHERING STORM IN ASIA. S. K. Ratcliffe. *Survey Graphic*, May. Terse and lucid survey of the India situation, with careful prophecy.

THE LATEST BOLSHEVIK ZIGZAG. Louis Fischer. *Nation*, April 30. Newest evidence that Soviets can recognize faults as well as virtues in their system; collectivization is retarded, but it has won.

CATHEDRALS OF THE HOT DOG. Raymond S. Tompkins. *American Mercury*, May. Problems in the amusement business; some up-to-date suggestions for 1930.

COMMON SENSE IN EATING. Dr. Logan Clendening. *Forum*, May. With "food after 40" suggestions.

THE CASE OF WILLIAM FOX. *Fortune*, May. Current tangle in financial and amusement world dissected, rearranged, and spread out in comprehensible form.

BOOKS

FOURTEEN YEARS OF EUROPEAN INVESTMENTS: 1914-1928. S. Stern. Bankers Publishing Company, 279 pp., $5. What would have happened to investments made in each of 13 countries in Europe, and summary of legislation and public policy with respect to protection of rights of foreign security holders.

PENSIONS IN MODERN INDUSTRY. Arthur David Cloud. Hawkins & Loomis, 531 pp., $10. Theories and opinions behind pension plans compared with widely varied applications in actual practice. Valuable summary of legal, acturial and economic principles of the old employee problem.

THE ART OF ADVERTISING. Manuel Rosenberg. Harpers, 192 pp., $5. What pictorial method to use for various types of advertising; illustrated.

REAL WAGES IN THE UNITED STATES 1890-1926. Paul H. Douglas. Houghton Mifflin, for the Pollak Foundation of Economic Research, 682 pp., $7.50. Movement of living costs, wage rates and hours of work, actual money and real annual earnings of workers, unemployment and the real earnings of the wage earning class as a whole.

Swift Survey of Business Abroad

EUROPE

By Special Cable to The Business Week

BUSINESS is not yet out of the holiday lull. Within another week it is expected that final organization of the International Bank will be completed and decision made on the first reparations loan. England definitely fears no catastrophical consequences from increased taxation although uneasiness concerning its effect upon the supply of capital persists. France has enacted tax reductions but passed simultaneously its first compulsory social insurance law whose costs must inevitably be added to manufacturing costs and price levels. Germany in further developing the new agricultural tariff policy has succeeded in raising domestic values but it is seriously feared exporters of manufactured goods will suffer reprisals in foreign markets. Italy has further consolidated her syndicalist system with the inauguration of a Council of Corporations, a superstructure designed to give national unity to existing separate syndicates corresponding to each field of enterprise.

Final settlement of the Eastern European reparations questions at the Paris conference removes this condition, stipulated by Italy and England before their ratification of the Young Plan. Immediately following these ratifications subscriptions will be opened for International Bank shares; 56% of a total share capital of $100 million will be divided into 200,000 $500 shares, or 112,000 shares will be assigned in equal parts to seven participating powers. It is expected that the German Reichsbank, and United States and Japanese participating private banks will retain their shares, whereas issue banks in England, France, Belgium, and Italy will offer shares for public subscription. There is general anticipation that these certificates will be oversubscribed everywhere. Smaller allotments, probably of 6000 shares each, are expected to be made to Switzerland, Holland, and Sweden, and the balance gradually repartitioned among other gold standard countries.

By Special Cable to The Business Week

Great Britain—The business outlook is discernibly brighter but immediate business is still slow and featureless. Succeeding weeks probably will be eventful as various developments now germinating will develop. The series of foreign loans, already underwritten, will, when issued, test the market and determine the validity of current statements that Snowden's new taxes are provoking the movement of British capital away from the pound. Among issues underwritten are one of $18 millions Queensland 5½%, and another of $40 millions as the British share in the large international loan for Sao Paulo. Fresh rumors are current that Lord Kylsant is planning a national shipping merger but *The Business Week* has learned that his plans are more apt to tend toward disintegration of his group and reassimilation into 4 or 5 main holders.

Among current conditions, the coal trade reports better inquiries but little new business, while several local colliery districts are closing down. Steel has taken some good contracts; iron remains unchanged. First quarter iron production was 14% above that of a year ago; steel was 1% down; combined iron and steel imports increased nearly 50%; exports were 10% down. Cotton is still flat, handicapped by the new Indian tariff and disturbed conditions in China. The wool outlook is better with a prospect for settlement of the Burnley labor dispute. Both motors and rayon are improving after Snowden's announcement that duties will not be changed. The shipping tieup is beginning to thaw and rates are steadier although idle tonnage April 1 was still 892,000 tons, the highest in the last eight years.

By Special Cable to The Business Week

France—Enactment of the tax reduction program and of the first French compulsory social insurance law dominated business interest this week, though there is no obvious reaction. New conditions are not yet reflected in general business, and the probable trend is puzzling. Sentiment seems a shade less optimistic, whereas it had been expected to react favorably to the realization of the long-awaited tax cuts. These reductions cut taxes $75 millions to a total (over 14 months) of $210 millions, or 10% of total budget revenue. Lack of response from business is in part attributable to the peculiar multiplicity of French taxes which makes even large aggregate reductions, when dispersed through many tax categories, fail of material single effect.

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sents a leap into the dark. Opponents prophesy the plan will eventually necessitate far greater costs and reenactment of taxes to maintain budget equilibrium. With important revenue reductions, and state committal to an unknown extent on the costs of social insurance, prosperity becomes an increasingly vital necessity to French finances. A more immediate effect on business is seen in successive additions of employers' wage contributions to manufacturing and trade costs entailing an increase in the general price levels estimated at anywhere from 2% to 14%.

By Special Cable to The Business Week

Germany—Sustained exports and the strong position of the Reichsbank are the solitary bright spots in the increasingly gloomy aspect of business conditions when contrasted even with the limited degree of seasonal improvement now progressing in other European countries. Business is shocked by the heavy dismissals of workmen from leading industrial plants hitherto considered relatively least affected. During the week, Siemens discharged 2000 hands, United Steel Works 5000, Leuna Synthetic Nitrogen plant of the Farbenindustrie 1500, and Mansfeld copper works 800. Total unemployment in the first week in April was 3,050,000, which is 400,000 over the figure a year ago. Building trades are now employing only 47% of their members, compared with 53% a year ago, notwithstanding the mild winter and spring compared with last year's unprecedented cold. Financial difficulties of many German municipalities are the principal causes for contraction of new building.

Farm relief is launched and the recent radical increase in agricultural tariffs has succeeded materially in increasing domestic grain prices, but not without seriously threatening Germany's export trade. Since the end of March, the price of rye has advanced 16% though it is still 20% below last year's price. Similarly, barley prices have advanced 22% but are still 10% below last year's price. The gains will contribute to agricultural purchasing power where old crops are still on hand, and indirectly will benefit industry. The Food Minister now asks authority to increase export subsidies on rye, oats, barley, hogs, oxen, meat, and starch. Duty increases have already brought protests from Poland, Rumania, and Russia. Increases of export subsidies would now presage dumping German surplus foodstuffs upon neighbor markets and further increase the danger of

reprisals upon German exports of manufactures.

The severe freight tonnage tieup in German ports is apt to hasten further shipping fusions. Following the Hapag-Lloyd agreement, the fusion of all six of the leading German lines is rumored. Already interlocked, they include the Hamburg-South America, Hansa, Woermann, and German East Africa Lines. This would represent mobilization of $104,000,000 share capital, and 2,400,000 registered tons.

German exporters are winning success in India. An order has recently been placed by the Indian railways, hitherto utilizing primarily British materials, for 34 German Schwarzkopf locomotives which are expected to keep that company occupied till autumn; also, orders for 16 Hanomag locomotives, 17 Hentschel boilers, and miscellaneous Krupp chassis and trucks.

By Special Cable to The Business Week

Italy—Further reduction of the bank rate to 6% from 6½% is expected to exercise a psychological, more than a practical, business effect. In itself it is only a mechanical adjustment of the bank rate to already existing monetary conditions, but it is interpreted as a symbol of restored currency stability. The effect on business sentiment is reflected in the stock market's favorable reaction, both to the bank rate reduction and to Mussolini's emphatic reaffirmation of a policy of systematic reduction of Italy's public debt which he called the mortmain of Italian finance whose servicing is now requiring no less than one-quarter of the total revenues. He also gave assurance that bonded debt maturities beginning next year would be met.

The Business Week is authoritatively informed that Isotta–Ford negotiations, which were reported abandoned, are being actively continued, with hope for consummation.

By Special Cable to The Business Week

Belgium—The Antwerp exhibition, celebrating the centennial of Belgian independence, opened April 26; the Liege exhibition, May 3. It is expected that the heavy influx of foreign visitors will be a timely offset to present stagnant business conditions. Industry, the stock markets, and trade are marking time.

The General Motors assembly plant at Antwerp is completed with a potential capacity of 300 cars daily, with current production running at about 120. Belgian manufacturers expect to obtain the largest quota in the European Railway Carbuilders cartel, now under consideration and probably to be concluded before June. The Belgian quota is likely to be 34.6%; German, 28.8%; French, 13.9%; Italian, 10.5%; and proportionately smaller percentages for Czechoslovakia, Hungary, Austria and Switzerland.

LATIN AMERICA

Business confidence in South America is evident in the prompt taking of Brazilian and Chilean bond offerings this week. Further Latin American offerings are pending.

Talking film difficulties aren't confined to Europe. In Buenos Aires, *La Prensa* is conducting a spirited editorial campaign against American talkies. Theatre musicians are supporting the attack. There are more than 100 South American theatres equipped with U. S. talkie apparatus. On March 20, Argentina had 25 Western Electric installations. Chile is more friendly, has sent an envoy to this country to urge the making of talkies in Spanish. Chileans like U. S. productions but want to understand them.

All businesses, particularly banks, are watching the speeding of communications with South America. With the new liner *Santa Clara,* the Grace Line is cutting 5 days from the New York-Valparaiso run. Lindbergh has established faster air mail service to Panama, bringing Buenos Aires and Santiago within 7 days of New York over well-established lines.

Argentina—The official estimate for this year's crops, issued April 24, forecasts wheat production at 3,741,000 tons; linseed, 1,328,000; oats, 992,000; barley 352,000; rye, 112,000; and birdseed, 12,000. Observers feel confident that these estimates, especially for wheat, are over conservative.

Year-end foreign trade figures show Argentina to have purchased U. S. goods last year valued at $210,288,000, or 4% of all U. S. exports. Increase over 1928 was $31,389,000, or 17%.

Brazil—London has oversubscribed, New York has bought freely, the Sao Paulo 7% secured sinking fund coffee devalorization bonds. London's allotment was £8,000,000; New York's, $35 millions.

Newest ambassador of good will from Latin America to plan a visit to the U. S. is President-elect Julio Pretes, who may extend his visit to Europe before returning for the inauguration in Rio de Janeiro in November.

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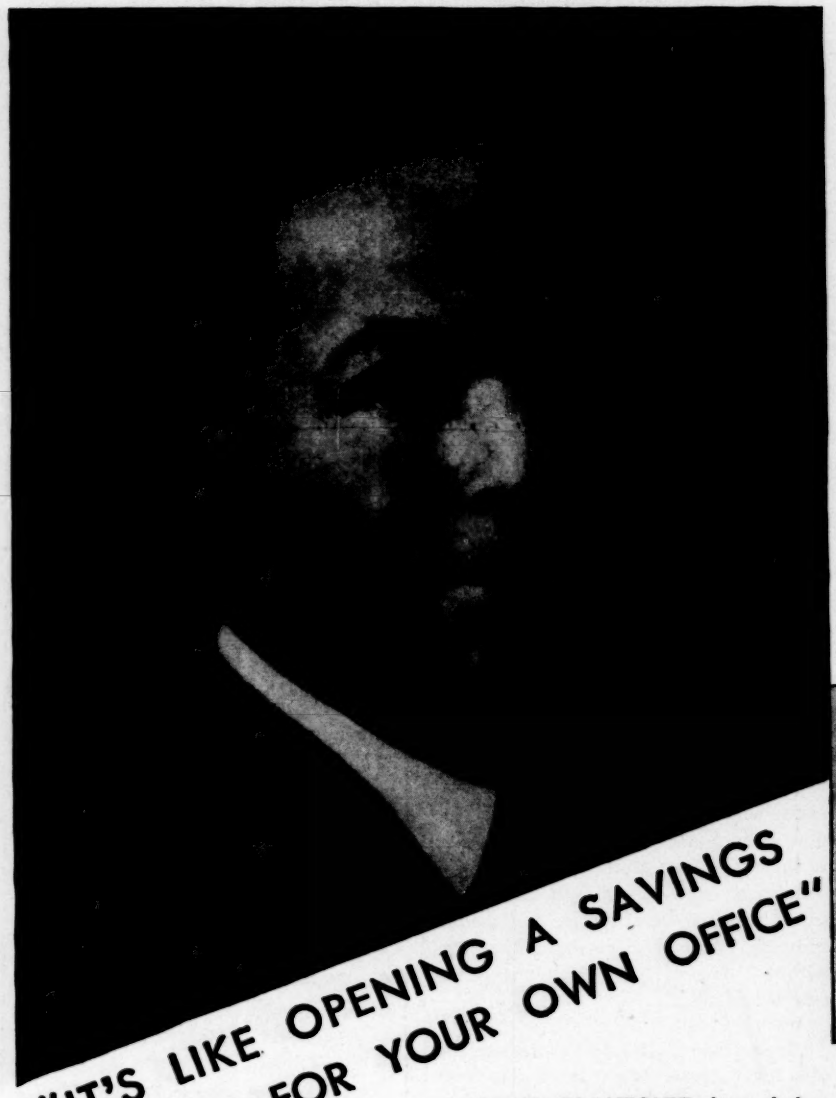

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What the Figures Show

THE general situation during the past two weeks has shown practically no change. At best, the very slightly rising trend during the past ten weeks continues, but the seasonal stimulus obviously lacks strength, and in some lines has passed by.

The Business Week's preliminary index of general business activity for the week ended April 26 stands at 94.3% of normal as compared with the final index for the preceding week of 94.1%. The index for the corresponding week last year was 110.7%.

Steel Mill Activities

Steel mill activity showed a very slight down-turn in percentage of capacity, the average falling from slightly above to a little below 78%. This reflects a slight drop in activity of the Steel Corporation, which is at 80%, and a little change in activity of independents at 75%. Although current percentage figures seem low because of the general increase in capacity during the past three years, *The Business Week's* index of steel production is still practically at normal for the season and the year. A down-turn is due at about this time, and expectation is for a period of slowly declining activity to a summer perhaps somewhat more active than usual. Railroad steel demand is weakening and automotive requirements show no pronounced strength. Line pipe, structural steel, and farm equipment demand are still outstanding features. Structural steel awards last week, at 42,000 tons, were largest since early in February. Production continues close to demand and business unevenly distributed geographically and in the various products. The more pronounced weakness in prices, now affecting heavier products, is more disturbing to the industry and is beginning to reflect itself in wage reductions in sheet mills. Scrap prices are more distinctly weak.

Building Holds Recent Level

Building activity appears to be holding its recent levels without any further marked seasonal strength. The rate of general construction awards for the latest week still runs about 27% behind last year, and *The Business Week's* index is approximately 20% below normal.

Electric power production, rising slightly for the latest week, is still running only a little above last year's levels.

THE BUSINESS WEEK INDEX OF GENERAL ACTIVITY	*Latest Week*	*Preceding Week*	*Year Ago*
	94.3	**94.1**	**110.7**
Production			
Steel Mill Operation (% capacity)	78	‡78	101
Building Contracts (F. W. Dodge, daily average in thousands, 4 weeks basis)	$18,141	$17,784	$24,839
Bituminous Coal (daily average, 1,000 tons)	*1,352	‡1,376	1,461
Petroleum (daily average, 1,000 bbls.)	2,590	2,561	2,651
Total Electric Power, millions kw.-hr.	*1,865	*1,845	1,840
Trade			
Car Loadings (daily average, all classes, 1,000 cars)	149	152	168
Check Payment (outside N.Y. City, millions)	$5,289	$5,904	$5,723
Wheat Receipts (1,000 bushels)	2,337	2,598	3,554
Cotton Receipts (1,000 bales)	94	88	131
Cattle Receipts (1,000 head)	*143	142	153
Hog Receipts (1,000 head)	*479	‡472	505
Wool Receipts (1,000 lbs.)	2,602	3,555	2,036
Prices (Average for the Week)			
Wheat (No.2, hard winter, Kansas City, bu.)	$ .98	$ 1.01	$ 1.07
Cotton (middling, New York, lb.)	$ .162	$ .162	$ .199
Iron and Steel (composite, ton)	$34.28	$34.40	$37.07
Copper (electrolytic, lb.)	$ .138	$ .138	$ .178
All Commodities (Fisher's Index, 1926-100)	90.2	90.7	96.7
Finance			
Total Loans and Discounts, Federal Reserve member banks (millions)	$16,955	$16,845	$16,388
Commercial Loans, Federal Reserve member banks (millions)	$8,629	$8,607	$9,068
Brokers' Loans, New York Federal Reserve member banks (millions)	$4,274	$4,217	$5,532
Federal Reserve System Ratio	82.5	81.8	73.3
Stocks Sold (N. Y. Stock Exchange, 1,000 shares)	26,924	16,708	20,860
Stock Prices (N. Y. Times, average 50 stocks)	$237.43	$241.79	$245.91
Bonds Sold (N. Y. Stock Exchange, par value thousands)	$58,586	$49,725	$47,551
Bond Prices (Dow, Jones, average 40 bonds)	$94.87	$94.99	$95.08
Interest Rates—Call Loans (daily average) %	4.0	4.0	8.0
Interest Rates—Time Loans (daily average) %	4–4½	4½	8½-8½
Business Failures (Dun, number)	547	491	449

*Preliminary. ‡Revised.

Nevertheless, our index, adjusted for seasonal changes and normal growth, is now almost 3% above normal. Coal production continues to decline, contrary to the usual seasonal movement, and is about 20% below normal, according to our index, although actually above the 1928 level. Petroleum production showed an increase for the week but is running below last year's level. Gasoline prices have strengthened.

The price situation has been increasingly irregular and shows further weakness. The wheat average dropped below the dollar level again to a new low for the year, under pressure of more favorable weather conditions. Cotton, however, has maintained its strength at slightly above the 16-cent level, due to the Farm Board's pressure on shorts in demanding delivery on May contracts. Iron and steel prices have declined to the lowest levels since 1922, but copper remains nominally pegged at 14 cents, with increasing rumors of further cut impending. The Fisher all-commodity index, as well as the National Fertilizer Association index, declined for the week.

The general trade indicators on the whole show no change for the better. Total carloadings for the latest week showed the largest deficit below 1929 so far this year (11.3%). This is prob-

ably due to a combination of circumstances, including the fact that the figures relate to the week preceding Easter, in which there is normally a slackening of freight movement, and also to unusually large declines in coal and grain loadings. The non-bulk carloadings also show a decline contrary to the usual movement, but it was not marked and the deficit below last year or 1928 is not significantly larger than it has been. Our index shows this group of carloadings for the latest week only about 7% below normal.

Check payments in cities outside New York continue to run about 7.5% below last year, as during recent weeks, and our index of bank debits is only slightly below normal. For 131 cities outside financial or stock trading centers, likewise, the deficit below 1929 continues at about 7%.

Commercial loans of reporting member banks have finally turned upward after almost continuous decline since the beginning of the year. Nevertheless, our index based upon these loans is practically at normal.

The most marked feature of the trade indications for the week is the sharp rise in the number of commercial failures, contrary to the usual seasonal movement, bringing the weekly total considerably above the 500s again.

Money and the Market

STOCK prices moved sharply downward this week. Money rates began a new series of declines. Bonds were hesitant, but should now be strengthened by the drop in the cost of funds. Foreign exchange rates were steady.

The decline in stock prices continued through its second week without definite signs of abatement. The increase of $57,000,000 in brokers' loans on these dropping prices gave Wall Street no joy.

Lower stock prices reflect a clearer realization of the condition of business, and more especially of the size of the declines taking place in corporation earnings. The continued decline of "other" funds in brokers' loans is a further reflection of corporate conditions. The renewed decline in agricultural prices added another unsettling factor. A sprinkling of decreased dividend rates discourages buyers.

The decline in discount rates in New York, Paris and London is discussed elsewhere. In the money market, acceptance rates made several drops of ½%, taking them well below 3%. Time money eased appreciably.

Gold imports were in much larger volume this week than for some time. The total was $38,052,000, most of which came from Brazil. There were no exports.

Federal Reserve credit outstanding dropped down to $982,000,000. With the exception of one week in March, this is the lowest total since 1924. The downward tendency of commercial loans by member banks was arrested this week and a slight gain was registered.

Earnings for the First Quarter

Reports on first-quarter earnings, now coming out, are giving industries a yardstick with which to measure increases or declines in business that, hitherto, could only be guessed at.

The check-up shows that, of 17 leading industrial groups, 4 earned more in the first quarter of this year than in the same months of 1929; an unlucky 13 earned less. The increases were small; the decreases much larger. For all 17, plus a miscellaneous group, 1930's first quarter earnings ran 19% behind 1929's.

Here are the percentages of change for each group, as compiled by *The Business Week:*

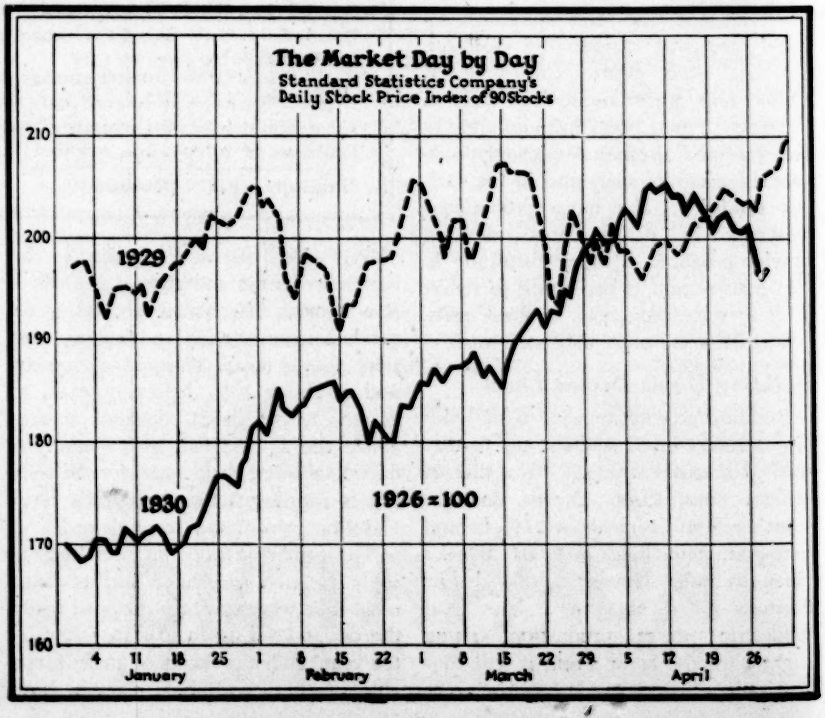
Increases: food, 6%; utilities, 2%; printing, publishing and paper, 13%; amusements, 70%. Decreases: textiles 3%; communications, 5%; chemicals, 15%; steel, 13%; rails, 33%; automobile and railroad equipment, 31%; automobiles, 31%; electric equipment, 2%; construction, 15%; retailing, 13%; cigars, 9%; copper, 24%; petroleum, 31%; miscellaneous, 25%.

While late reports may make some changes in these figures, they will be only slight ones and cannot affect the showing as to trend.

Despite this showing as to earnings, corporations declared 23% more in dividends last month than in April, 1929. But the fact that they have larger amounts of stock outstanding now than they had a year ago accounts largely for this increase. Total April declarations were $293,127,000, according to the New York *Times*.

Lines which showed dividend increases in April are banking and insurance, chain stores, department stores, food and packing, mail order, automobiles, automobile equipment, oil, public utilities, railroads, railroad equipment, steel. Copper and tobacco companies paid less to stockholders than in April, 1929.

During this month of April, new securities priced at $812,989,000 were put into the hands of investors and speculators. Bonds continued to outrun stocks as they have since the first of the year, accounting for $603,762,000 in new issues as against the stock total of $209,227,000. Bond issues reached the highest April figure since 1928; April stock offerings exceeded those of all recent years.



New Business Week Index Measures Current Activity

Gives Up-to-date Guide to Trade Trend—Shows Level of General Business Not Far Below Normal

THE BUSINESS WEEK has published regularly, in the table under the section "What the Figures Show," a number of series of statistics representing the current level of various phases of business activity, with the comparative figures for the preceding week and for the corresponding week a year before.

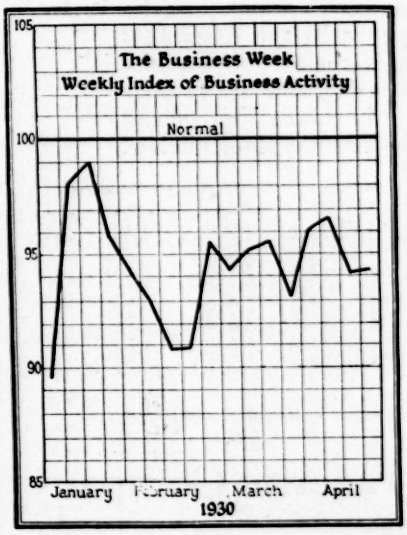
These figures cover practically all the comprehensive measures of business that are available weekly; the few others not included, like structural steel contract awards, bank clearings, and various Federal Reserve banking figures, are either better represented by those given, or are of uncertain significance. The figures shown are the very latest available at the time of going to press, and though relating to different periods within the preceding fortnight, refer in most cases to the week immediately before that covered by the current issue of the magazine.

They are carefully checked with the original sources, compared with records covering several preceding years, and in some cases adjusted to take account of holidays, minimize sporadic or accidental fluctuations, and show more clearly the trend from week to week. In every case they are the actual figures, not index numbers or abstract ratios to some arbitrarily chosen past period.

Figures Interpreted

These weekly statistics had never been brought together and presented in one place in this simple and systematic way until *The Business Week* undertook to do so as part of its service of providing concise, clear, up-to-date business information. Besides, every week *The Business Week* has taken these figures, individually and in combination, and in the light of additional general, non-statistical, trade information, has interpreted them in concise running comment as a basis for a general judgment regarding the business situation, the trend and the outlook.

This service will be continued, and additional series included as they become available. But in this issue *The Business Week* takes one further step in its policy of providing swift service to business by way of essential information and succinct interpretation. It now attempts to sum up the significance of the most important of these Figures of the Week in a single figure shown on the business indicator on the cover. This, too, is the first time this has been done. We recognize fully the hazard and difficulties involved in such an attempt, but think it worth trying, submit it for what it is worth, don't claim too much for it, and accept full responsibility for its merits or its defects.



This weekly business indicator represents our best judgment, fortified by the application of accepted scientific methods of treatment to the most significant weekly statistics available, regarding the current level of general business activity as compared with normal for the season and for the year.

What "Current" Means

"Current" here means *during* the past two weeks. Most of the figures composing the index refer to weekly periods ending in the week preceding publication; in two cases they relate to the second preceding week; in some cases to periods of more or less than a week. The current indicator published each week covers such a fortnightly period and is therefore preliminary. When all figures relating to a single identical week are available (the week after publication of the preliminary index) a revised figure will be calculated.

"General business activity" in this index means the physical volume, not the dollar turnover of general business, so far as it is reflected in seven fundamental indicators for which weekly figures are available, four representing basic industrial production, three representing trade. These indicators are: steel ingot production, as reflected in steel mill operation; building construction, as reflected in contracts awarded in 37 states; bituminous coal production; electric power production; carloadings of non-bulk freight; checks drawn and cashed in banks in 140 cities outside New York; and outstanding commercial loans of reporting Federal Reserve member banks. Weekly figures of currency in circulation are now published by the Federal Reserve Board only monthly, considerably late; but current figures are expected to become available shortly and will then be included in the index. Since some of these figures are reported in dollar values, and the actual volume of activity which they reflect is affected by changes in the value of the dollar for the purpose in question, adjustments have been made where necessary for changes in prices or costs over periods of time. Since the volume of activity is affected also by differences in the number of working or business days from week to week, the figures have been reduced to a daily average basis.

Fixing the Base of 100

"Normal," represented by 100 in the index, means what the volume of business activity might reasonably be expected to be for that time of the year and in that year of our natural or regular business growth. "Normal" does not mean much definite to the business man, who makes his comparisons in terms of his experience in some past year, if he can remember what it was like in his line; but it has a definite meaning to the statistician who has the actual records for a long period of time before him as he looks at each week's figures.

Each measure of business activity or production has its characteristic seasonal fluctuations, sometimes shifting, but fairly well defined and calculated. It has also its characteristic rate of growth from year to year, exhibited in records over a long period in the past,—a rate that may and does change, but only very slowly, in spite of wars and financial upheavals. When each week's measures of the volume of activity are

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1920	$49,410,687	$14,449,787	1,020,912,328	342,373	344,651
1921	53,301,038	17,195,389	985,365,167	381,238	353,871
1922	56,828,970	20,663,844	1,143,467,323	444,233	369,660
1923	63,638,228	24,325,142	1,348,986,857	513,007	381,288
1924	67,417,018	26,733,159	1,400,942,454	590,692	398,527
1925	73,977,348	31,531,123	1,579,150,849	665,366	416,896
1926	81,646,959	35,652,028	1,854,708,852	736,451	437,490
1927	88,113,621	40,148,195	1,921,527,571	782,887	454,228
1928	93,624,445	43,196,594	2,110,949,196	845,551	465,487
1929	103,556,864	50,282,036	2,372,274,311	896,630	472,231

*Before depreciation.

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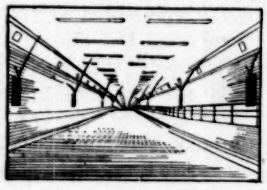

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adjusted as well as can be to allow for these expected changes, and are combined in proportion to their relative importance, we arrive at a measure of what business activity actually is in comparison with what it would be if the normal growth and seasonal changes had occurred.

The result, of course, is only a rough and tentative measure, limited in scope, subject to much error of fact in the data, and of judgment in its treatment. But it is all there is by way of any general measure of business activity from week to week, and the best that can be done until trial and error have discovered and removed defects.

The Figure's Value

As new material comes to hand, as experience indicates that different methods need to be used to make the result more accurate or reasonable, improvements and refinements will be made. It will remain doubtful for some time how much significance can be attached in themselves to *weekly* fluctuations in a general measure of business activity, but since the index represents the *level* of activity, relative to a computed normal, *during* a moving period of not more than two weeks, it should fairly reflect the trend within the current month, and thus provide a more up-to-date measure of the business situation than has so far been possible.

The accompanying chart shows the course of the index during this year to date. The full series of weekly indicators since the beginning of 1929 will be presented in the next issue.

Narrow Fluctuation

The striking thing about this result to most business men will be the relatively narrow range of the variations of the index from normal. The total volume of general business activity does not diverge very greatly from normal at any time, even in "boom" or "slump" periods. This has been known to be the case from the comprehensive indexes of the volume of trade compiled by the Federal Reserve Bank of New York, through the pioneering efforts of its general statistician, Carl Snyder; but it was not to be anticipated in the case of a weekly index based on relatively few indicators.

Now that this fundamental fact can be brought home to business men currently as the weeks pass by it should be a steadying and reassuring influence, as well as a more helpful guide to business policy than the belated and often misleading monthly statistics now available.

Survey of Business by Federal Reserve Districts

Federal Reserve Districts	General Business	Commercial Loans	Time Deposits	Check Payments	Department Store Trade	Building Contracts	Commercial Failures	Life Insurance Sales	Interest Rates
Boston	A little better	Less, but above 1929	No change	Small increase	Sharp drop	Both residential and total up	Well below	Some growth	A little decrease
New York	Slight improvement	Continued decline	Going up	Increase	Very slight gain	Daily average decreases	Less	Higher	Decline ¼%
Philadelphia	Signs of betterment	Slightly more; above 1929	Off	Up	Down	Good increase	Decline	Below 1929	Slight easing
Cleveland	Little change	Unchanged; below 1929	Increase	Some growth	Smaller	Larger	Number down; liabilities up	More	A little lower
Richmond	Not much change	Drop of $3,000,000	Little change	Larger	Decided decrease	Good increase	Fewer but larger	Larger	No change
Atlanta	Less active	Less	Little change	Slight decrease	Down	Residential up; other types off	Liabilities up 80%	Larger, but below 1929	Slightly firmer
Chicago	Somewhat better	Increase	Larger	Greater	Sharp decrease	Large increase	Fewer but larger	Higher	Easier
St. Louis	About the same	Little change	Increase	Larger	Off	Considerably less	More but smaller	Increase	Slightly lower
Minneapolis	Improved	Larger	Less	Slight increase	Sizeable increase	Large increase	Double	Larger	Off ¼%
Kansas City	Little change	Lower	More	Some increase	No change	Up; also above 1929	Increase	Greater	A little easier
Dallas	Slight decline	Down $10,000,000	No change	Up	Decrease	Daily average smaller	More but smaller	Increase	½% less
San Francisco	Slight improvement	Less, but above 1929	Larger and above 1929	Growth	Some increase		Considerably larger	Up	No change

The Business Week summary from original material; Federal Reserve system statistics for department store sales, check payments, and reporting banks; building figures from F. W. Dodge, commercial failures from Dun's, insurance data from Life Insurance Sales Research Bureau; and cooperation 10 Federal Reserve banks

Business improved somewhat in March in the East, West, and North Central regions. It continued to slow down in the entire South. Preliminary indications for April showed touches of improvement.

The table is based on statistics furnished *The Business Week* by the sources indicated, plus original information. Comparisons are with the preceding month unless otherwise indicated. Adjustment has been made to take care of the fact that there were more business days in March than in February. This, in some cases, results in an actual decrease in daily rate of activity, although the totals showed an increase.

No adjustment has been made for seasonal trends, all indicators being taken at their face value, but improvement in many of the districts is known to have amounted to less than the usual seasonal gain from February to March.

In comparison with 1929, business in almost every district and in every line shows a decrease. Due to the abnormally high rate of activity last year, all comparisons will show this year up badly. Life insurance sales form a single exception, though these were below last year's totals in the Philadelphia, Atlanta, and Dallas districts.

Collections are slower than they were a year ago in all districts, due especially to difficulties met in industrial cities where unemployment is a factor. All leading cities in the Chicago district show a slowing down, with conditions poorest by far in Detroit.

Department store stocks are either decreased or unchanged from February in every reserve district. Decreases were especially great in the New York, St. Louis, Minneapolis, and San Francisco districts.

Savings bank deposits tend upward in every district which has figures to show them. As reported by the Reserve banks in the respective regions, savings in New York were 1% higher in March than in February, 0.4% up in Chicago, 1% up in Kansas City, 1% up in Dallas, and slightly up on the Pacific Coast. On the Coast, however, the San Francisco Federal Reserve bank reports a decline from a year ago.

Interest rates appear to be about at bottom at the present time. April showed, for some districts, small declines in rates charged business customers. A further decrease generally appears improbable. Considerable spread continues to exist in rates charged—various kinds of business. Correspondents report that big business with New York banking connections obtains decidedly lower rates than local businesses; the smaller the firms, the higher they pay.

Liquidation of commercial loans slowed up in most districts in April. Business is using little more money, however, than in March, and less generally than earlier in the year. No seasonal increase is to be found in any district, judging from the loan data. In April, an upward trend was shown in Philadelphia and Cleveland. Small gains also were made in Atlanta, Chicago, Dallas, and St. Louis districts.

Time deposits showed further increase in some districts in April.

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The Dublin Letters

From James W. Dublin of the Dublin Advertising Agency to Mr. George Clark—an Important Afterthought

The "Hawk's Nest"
New Hampshire
August, 1927

Dear George:

After writing you yesterday, I discovered a leftover crumb on my chin. I am, today, less lyrical and more practical.

I put the question to you now: what's the best method for us to use in fading me out of the business? I know there'll have to be some re-distribution of stock and a salary or two h'isted. Don't spend any time thinking about that part of it. I'll take care of the financial so there won't be any perceptible squawking or off-side grabbing either.

Where I want your mind to bear down heavy is on a scheme to get me out of the Agency without the clients thinking I've had a brain-skid and the whole Dublin outfit is crumpling up. And, worse still, we don't want our competitors going around to our clients confirming their worst suspicions and saying it's too bad Jim Dublin has slackened his grip and only last week the Agency lost two accounts and how about meeting *their* President who is always on the job and gives his personal attention to *everything?*

What I am putting up to you in this more limping than limpid epistle is a problem in applied psychology.

As your founder and President who is well-esteemed in some quarters and who personally holds 6 or 7 good accounts on the books besides doing general window dressing, how can I remove myself from the scene and still have it look the same—*or even better?*

Both my vanity and affection are involved in the situation. I am anxious to see our individuality retained. I am concerned over the future growth which my associates will benefit by and justly so. From now on you and Phil Bailey and Ben Frost and Archie Bellamy will have to take the load and the spotlight.

How shall we proceed?

Take all the thinking time you require and let me have your matured suggestions. Or, later on, perhaps, maybe you better come up here for 3 or 4 days and sift matters over.

I might add that you might as well bring your golf clubs along when and if you do come. The course is in fine shape, but rather crowded this month and we can swap a business idea or two while waiting on the tees.

Do you know anything about dogs? The farm is shy a dog and I would like to get a fine bred collie pup to break in around the place. Where can I get a good one? Not the kind you buy at a goldfish store. Meanwhile, my kindest wishes. Jim.

P. S. It was with my retirement in mind that I finally consented to Derby Thomas hanging up his hat in the Dublin Agency. I considered that sooner or later it won't be my agency anyhow and Derb will have to work his own potato patch without his Uncle to do any manure spreading for him, either actual or implied. Of course I have said nothing to him about my retirement. Nor won't. He'll get the news when the others get it. J.

Put Worker in Movies To Improve His Act

INDUSTRIES are finding a new use for motion pictures. Pictures are taken of a job in process and then projected in the presence of the workman, who is shown where time has been lost, motions wasted, and how his own efforts compare with more expert operators.

For years, under the sponsorship of the Gilbreths, motion studies by means of special apparatus have been utilized for technical analysis of work methods. Only recently, however, has the ordinary movie outfit been put to this use. Those who have tried it say that the average employee apparently enjoys having his picture taken, even if it is for the purpose of showing wherein his workmanship is not perfect; that his application to the job while pictures are being taken is usually better than average; that a better estimate of his innate ability can be obtained than by time studies.

By use of constant speed cameras and projectors it is possible to project pictures at speeds at which the man works or at any other desired. By using various speeds it has been found possible to train time study men in proper operation rating, and to check the work of new time study men, calibrate their judgment, and indicate their errors. Motion pictures also provide records of working conditions useful in settling disputes regarding changes in methods.

A LATE CAR SAVED MONEY *for the* METER MAKER

TO the average passerby it was just a gas meter lying on the curb awaiting installation in a new dwelling . . . But, to the pressed steel engineer, waiting for an overdue car, its cracked cover told a story of out-of-date manufacturing methods and wasted profits.

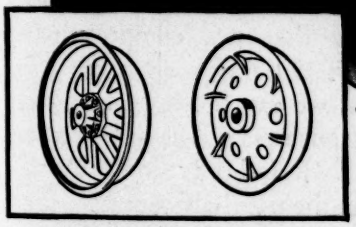
A visit to the meter maker revealed that—as the product was then made—installation breakage was not the only waste; the cover required grinding and drilling before mounting and the factory breakage loss was exceptionally high.

That company now is making a four-way saving by using pressed steel covers instead—a saving of 10% in first cost—no machining or drilling—weight saving of ¾ lbs. per part or 1½ lbs. per meter—lower freight cost—stronger product—neater appearance—and no breakage from rough handling.

How About Pressed Steel in YOUR Business . . ?

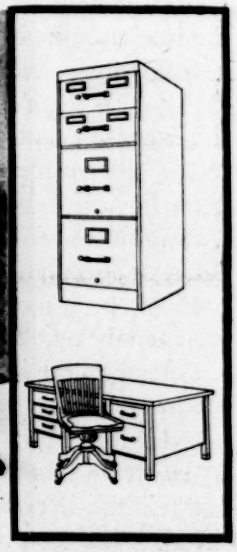
Consider your own product—quite possibly the use of pressed steel in whole or part will help you reduce your costs. We will put you in touch with men who can give you complete information on pressed steel redesign.

Trade Research Division
National Association Flat Rolled Steel Manufacturers
Terminal Tower, Cleveland, Ohio



Pressed Steel Wheel. Weight with hub 47 pounds.

Cast Wheel. Weight 125 pounds.



Steel desks and office furniture save depreciation and loss by fire.

Save- Labor Time Money

——— with Pressed Steel

EDITORIAL

Please Pass The Salt

THIS editorial is all about a doubt. We know this is against the rules. Editors should never have any doubts; but this is as yet such a little one that it may be excusable.

It may be mere human frailty, but we are so constructed that whenever we find everybody in complete, cocksure, and contented agreement about anything, we go through a due period of gestation and ultimately give birth to a doubt, which comes into the world yelling, "Wait a minute!" This is probably because, as the proverbial farmer—and the philosopher Hegel before him—have pointed out, there are three sides to every question: your side, my side, and the right side; and if you wait long enough the family always becomes complete.

For some months we have been filled with a growing malaise over the fact that everybody has decided that we are in a serious business depression. At first, of course, this was altogether denied, and the party who looked upon the stock market crash as a false alarm had quite a following. Even we were inclined to trail along with them a while; but gradually all but the incurable and desperate optimists deserted to the other camp. A large army of them have been having a good time for several months tenting on the old camp ground, casting out the Satan of speculation, wrestling with the temptations of cheap money, and filling the night with melancholy hymns to the Business Cycle.

Certainly the statistical testimony from the mourners' bench has been impressive. We have noted it duly from the sidelines in *The Business Week* from week to week, but somehow have not felt the irresistible urge to step up and be saved. We couldn't help wondering a bit whether these folks have not been expressing their private disappointment at being dispossessed from the Garden of Eden last year and bewailing the Fall from the big boom of 1929, after having eaten too freely of the Forbidden Fruit of Swell Times.

Having gone home and re-read our statistical testaments with special care, we have a little revelation at which we give the public a peep in the indicator of general business activity contained in this week's issue.

As we said at the beginning, with fingers crossed, we are not going to be cocksure about this or anything else so general and complex as Business. Nothing is harder to arrive at than a just measure of things as a whole, not based on personal experience or general states of mind. But we think it very likely that business is kidding itself a little about current conditions.

Contrasts and reminiscences are sometimes very depressing in themselves. This business slump, in great part, is one of contrast with a situation which, in most of its features, especially its psychology, was certainly abnormal. When we put personal, individual experience or general sentiment aside, or take it with a little statistical salt and look impartially at the testimony of the facts that are comprehensive enough to be worth noticing—when we take into account as best we can the level at which the total volume of business ought to be on the basis of its characteristic and only slowly changing rate of growth in the past half-century—then we have serious doubts as to whether business is as far below normal for the season and the year as the prevailing impression implies.

This is perhaps a large doubt, after all—and maybe it's twins. But we don't care if it does wake up the neighbors. It may do them good.

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